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MARCO MILLIONS

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THE HAIRY APE

DESIRE UNDER THE ELMS

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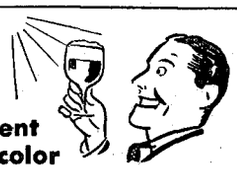
How to act like a veteran beer drinker . . .



Comment on its color

Really good light beer has a golden color—a honey-gold. A dark beer, too, must have "brilliance".

The "head" is important

A creamy "collar" promises fine flavor! The same thing that gives beer "head" makes it refreshing.

Note its flavor

In addition to good flavor, an excellent brew should have a character, a personality of its own.

. . . on its clearness

Good beer is as clear as a bright May morning! Use the clearness of Rheingold as a standard.

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Find "your beer"— then always ask for that brand. More people every day call for Rheingold.

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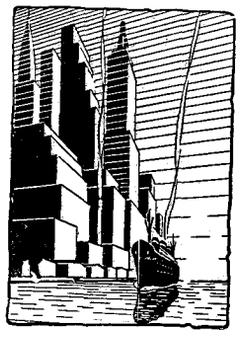
Rheingold

Good beer

LIEBMANN BREWERIES, INC.

Occupations— Today and Tomorrow

by Berta Crone



IN SEPTEMBER the professional worker takes a new lease upon life. The summer is past. Vacations have come and gone. Cooler temperature brings sober thoughts. Irrespective of whether he has been busy or idle, the professional worker takes stock of himself and his prospects at this season of the year, much as our grandmothers did of the pantry shelves—to see what is there and what is needed for the coming year.

●

What does the professional worker discover on his pantry shelf this September, 1934?

Reports from Washington, which are meant to be reassuring, inform us that the Federal Emergency Relief Administration is planning to include professional workers (the white collar class) in the program for relief for the coming winter.

Is the professional worker's plight so bad as to require such a relief? He wonders what his condition really is. He wishes he had some way of discovering the truth for himself. He knows, of course, that he hasn't had earnings enough from his work to carry himself and his family for some time past. But he is still not convinced that there is no work for him to do. Yet he feels tremendously handicapped. He is sure that he is much more handicapped than the farmer and the manual laborer in the struggle for a living, even though he is supposed to have had "advantages" which they did not have. They at least recognize the existence of a struggle for a livelihood, organize themselves to fight for their share of the world's goods and to keep their problems before the public. Thus the problem of one laborer or one farmer becomes the problem of all.

Be he soft or rugged, the professional worker seems to be an individualist, whether he chooses to be so or not. As a lawyer or doctor he may lose his practice without anyone taking the slightest cognizance of it, except the landlord, the butcher and the grocer. As a salesman, advertising copywriter, buyer, or editorial worker he may lose his job without its being recorded by his professional society or business association, or noted by the Federal government or press. The manual laborer, in contrast, is identified with his trade group, with machines, and with ownership of capital. If a plant or job shuts down, newspapers report it, noting the cause and the number of persons affected. If a worker is fired, his union records the case and acts according to its merits. The farmer (the professional worker envies the farmer) is identified with the land. If his crops suffer from drought or if the market is unsatisfactory, his community is interested, because it suffers financially with him. The Federal government studies his problems, and gives the necessary assistance.

The professional worker compares his lot with the farmer and questions whether his game is worth the candle. He has till now been inclined to blame his own situation on bad management or to attribute it to transitory business problems. But when he reads *"The New York Times"* editorial comment upon the Administration's relief program, captioned "A Needy Class," he is sure that the problem is more fundamental. *"The New York Times"* thinks there "should be general approval of two points in the Government's relief plans for next winter, as announced by Mr. Williams, assistant Administrator. One is the firm intent of Administrator Hopkins, supported by the President, to supplant the dole method in the greatest possible degree with salaries for actual and not perfunctory labor. The other is to devise *means of employment for all divisions or what is known as the white collar class. The probability is, unless there is an unusual business revival, that the population thus classified will be even more severely affected this winter by the Depression through staff re-*

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duction in financial centers, due to new laws." (Italics mine.)

But, the professional worker may ask, how can the market for professional services be so poor when business conditions in many different fields are reported to be on the up-turn? Some organizations, according to their financial statements, are doing much better than at any time since 1929. Some are doing even better than they did before 1929. These are not mere rumors; they are financial statements made by the companies themselves and sworn to. And the banks have plenty of money to lend. Why then is work so scarce for brains and talent?

According to *"The American Banker,"* the banking business seems to be again on a sound basis. Figures just completed in their statement of condition as of June 30th, 1934, says *"The American Banker,"* the daily newspaper of the banking business, show seventy-six commercial banks and trust companies in New York City (fifty-two less than there were five years ago), exclusive of mutual savings banks and private institutions, are within 4 per cent of the deposits reported in the mid-year of 1929 boom for the 128 banks then doing business. Total deposits in these banks are now larger than at any time since 1930.

The bankers complain, however, "that despite their desire to make loans, more borrowers with good credit are paying off their notes than are asking for new advances." It is pointed out also that "gains in deposits in large banks reflect gains in deposits in hundreds of other banks in the country." Qualified borrowers in smaller communities are still unwilling, the report states, to go into debt in their private business enterprises.

The professional worker ponders this situation. Money in circulation would create a demand for his services. And he questions why the banks themselves are so slow in taking the initiative in creating new activities which would create a demand for specialized workers. Why, for instance, are men not being re-employed or newly employed in banks? That they need workers he has proof. For example, one of the branches of one of the twenty-five largest banking institutions in the country has worked out a plan by which it gets new business through its customers! Instead of employing a new sales force it pays its customers $1.00 each for every new account they can bring in, and gives them other pre-

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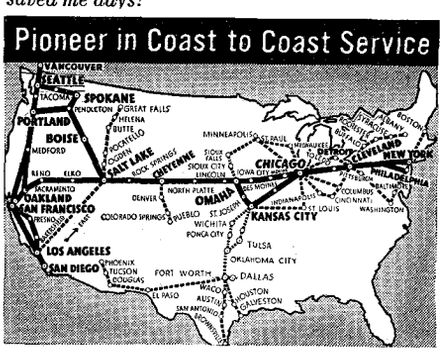

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miums of material, not metal value, for services in securing new business.

The possibility of the professional class having to accept alms in place of earnings grows more mystifying to the professional worker as he studies a cross-section of the financial reports of diverse business organizations. Most of the leading motor car companies report profits for this year up to June 30th. General Motors reports that sales of all types of cars in July were the highest for any July since 1929.

Many chain-store organizations having units in different sections of the country, are doing better business than they have done in years. Some of these organizations, such as the F. W. Woolworth Company and the J. C. Penney Company, are negotiating for new units and expanding and remodelling old units to meet new and greater demands. One of the largest food manufacturing and distributing companies, The General Foods Corporation, and its subsidiary companies, show a net profit of $5,882,712 for the half ending June, 1934. Another proof of better business is reported by a class specialty store in New York City, Best & Co., which reports 94.4 per cent gain in net business for six months. One hears a great deal about the wretched situation among writers of fiction and special articles and from people in the advertising profession or business. In this connection it is interesting to note that the publishers of *The Saturday Evening Post, The Ladies Home Journal,* and other periodicals having a large national circulation and carrying considerable advertising space, report a net profit for six months ending June 30th, 1934, of $3,731,371.

The hotel business has improved The book publishing field reports better conditions than any time during this year.

As the professional worker notes these positive signs of revival of business, he suspects that there is work available or needing to be done which he and his friends have no means of discovering.

Long out of the red, some organizations have found that they can "get along" with their reduced staffs. The "reduced staffs" are, in some instances doing far more work than they should be doing, a situation they willingly submitted to in 1930 and 1931 in order to hold their jobs. Other organizations

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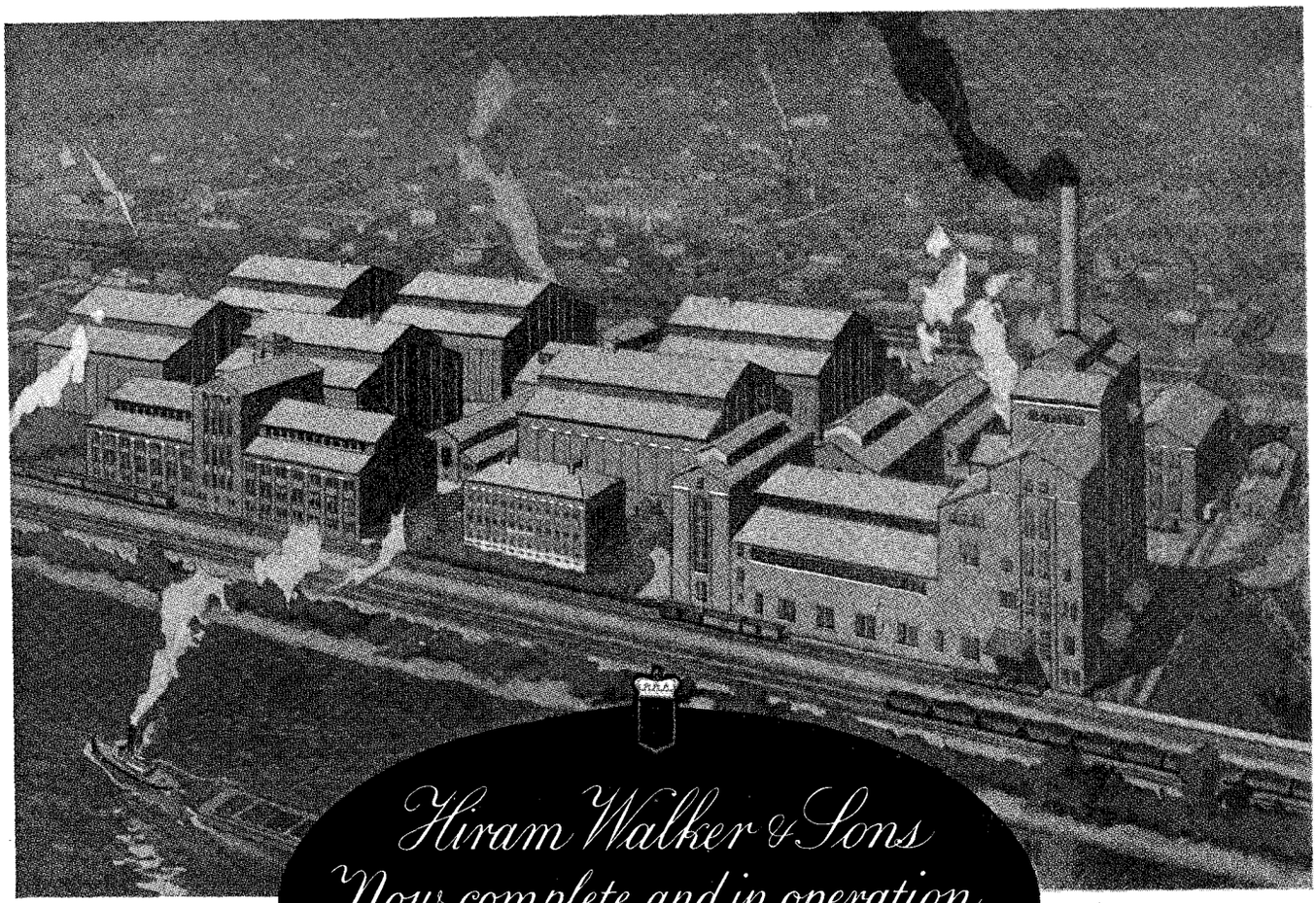

Hiram Walker & Sons
Now complete and in operation
THE WORLD'S LARGEST AND MOST MODERN DISTILLERY

Located at Peoria, Illinois, covering 22 acres of ground; cost, $5,000,000.00; daily capacity, 100,000 gallons; 24 fermenting tanks with capacity of 120,000 gallons each; bottling house capacity, 10,000 cases of quarts every 7-hour day.

From the moment that Hiram Walker & Sons decided to build a distillery in the United States, no trouble or expense was spared to add the most modern innovations of the distiller's art to the 75-year skill and experience of this famous old house.

It was natural that this new distillery should be the largest in the world—the great demand in America for Hiram Walker products made this necessary. And with due regard for Hiram Walker's reputation, as well as for the obligations it imposed, this new distillery is thoroughly modern architecturally, and equipped with the newest and most modern distilling and bottling machinery. Every modern means is employed to safeguard the traditional quality and purity that have so long been associated with the Hiram Walker name.

It is also deeply satisfying to know that the construction of this great distillery not only entailed a very considerable investment in American labor and materials, but also that its continued operation provides work for thousands of American hands—and affords a ready and profitable market for millions of bushels of grain grown by American farmers.

Hiram Walker & Sons of Peoria will continue the sound manufacturing and merchandising policies for which this house has so long been notable throughout the world. Only in that way will this vast new American enterprise render a real and lasting service to the millions of people in this country who know and appreciate really fine liquor.

Be sure to visit the Hiram Walker Exhibit in the "Canadian Club" Cafe at the Century of Progress, Chicago

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PEORIA, ILLINOIS • WALKERVILLE, ONTARIO

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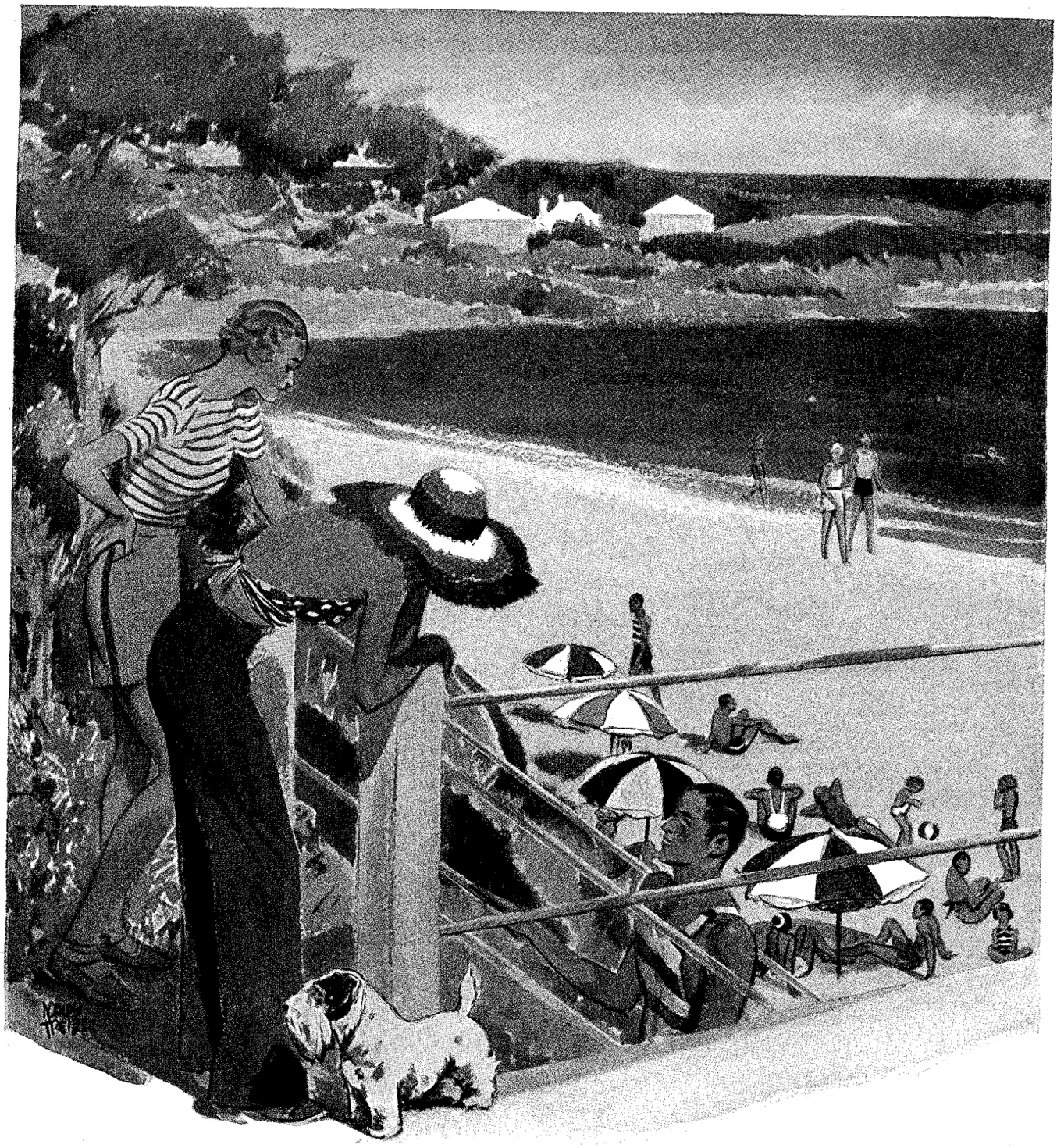

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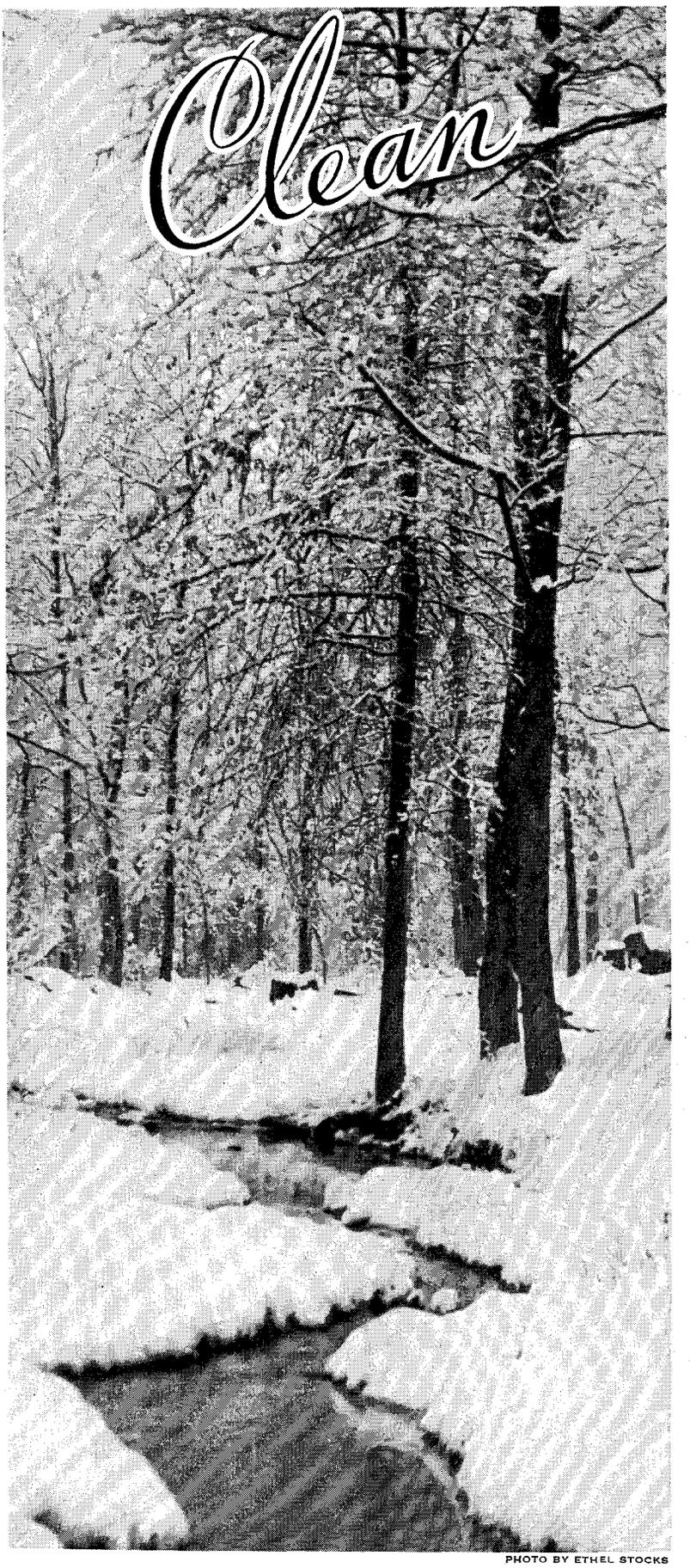
which have taken in "new blood" are not re-employing but newly employing beginners at low salaries. (Few organizations employing "white-collars," it should be noted, ever "take back" old members of the staff; it is cheaper to employ beginners.) Some organizations are doing what the bank mentioned above is trying out: they have discovered "new policies" which enables them to get work done without engaging a new or larger staff. And, of course, they are getting more for their commodities; hence the improved business.

So in taking stock of the pantry shelf and in considering his personal assets and liabilities the professional worker comes to the conclusion: First, that he has no adequate means for keeping in touch with the market for his abilities and brains, or of stimulating demand when and where the need is apparent. Secondly, that he has no credit facilities to which he can turn for funds to help him re-establish himself or to investigate the fields of work. Thirdly, that with increased prices and lower salaries, business can get along very well with mediocre and amateur talent.

Brain work cannot easily be cleared through employment services either Federal or private. It cannot readily be advertised. Quite often it is a matter of study, investigation, conferences, exchange of ideas between those on the inside with those on the outside. Those on the outside today have much less opportunity for meeting those on the inside than they did in 1928 and 1929. There is no medium through which the professional worker can keep informed of inside problems and developments. It is expensive for him individually to try to keep in touch with organizations or individuals whose interests he may feel he can serve. The mere matter of personal appearance often works to his disadvantage in establishing relations with business men or prospective clients. Recently two cases came to our notice in which "appearances" cost the men in question the business they sought. In one instance a "seedy looking suit" overbalanced a great deal of recognized ability and a keen intelligence. In the second case, the man made a fatal impression because one front tooth conspicuously needed a dentist's attention. These are minor items when one is on the inside but major ones if it is necessary to create a favorable first impression for business reasons.



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The ticket agent of any railroad can route you on the Chesapeake and Ohio. Insist upon it!

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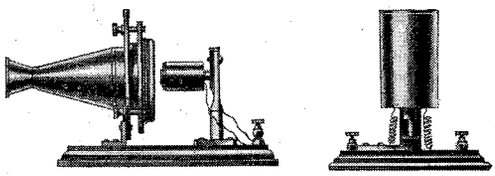
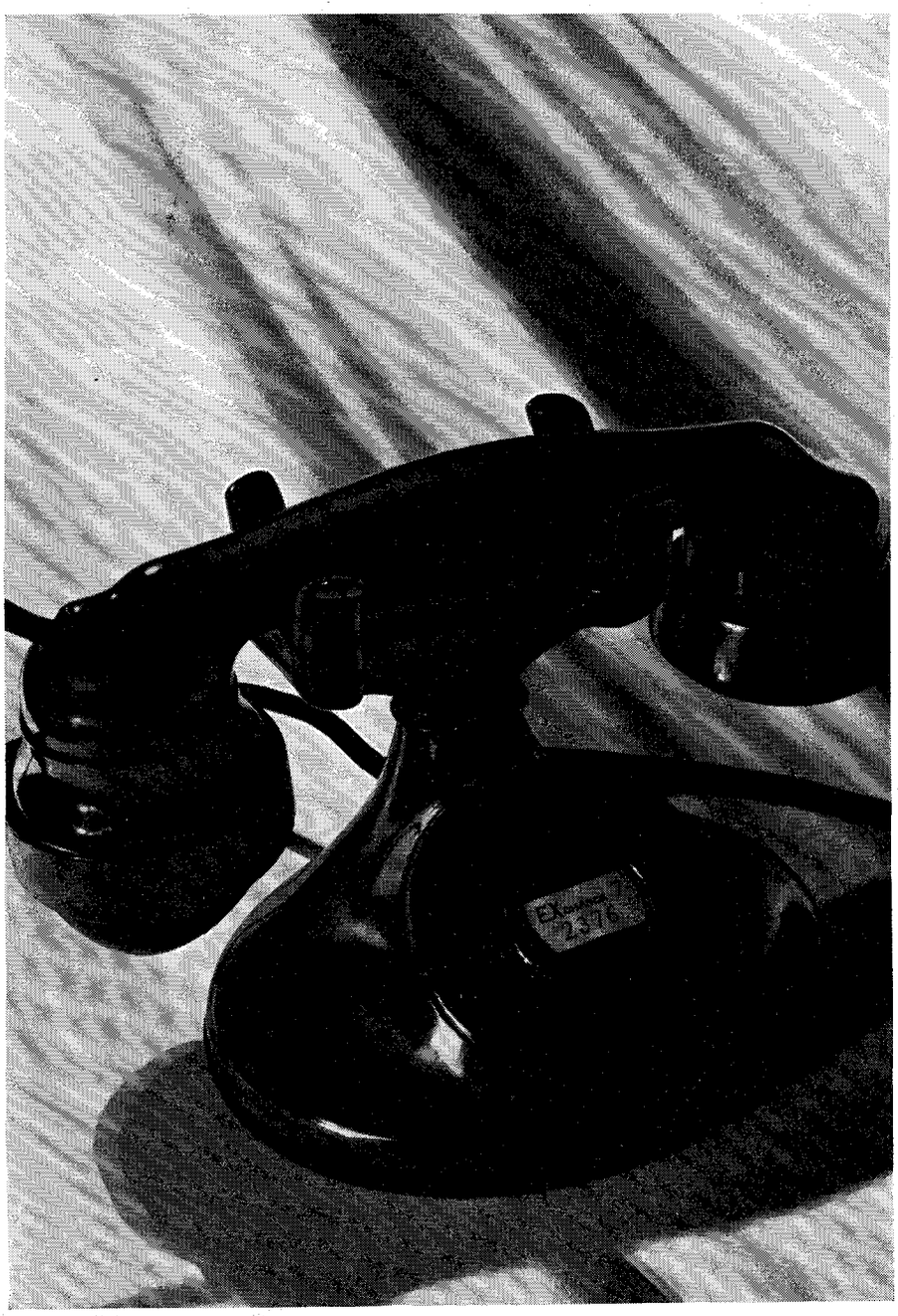


Telephone Transmitter and Receiver used at the Philadelphia Centennial

From one telephone to thirteen million



Fifty-eight years ago a telephone was demonstrated at the Philadelphia Centennial. Today, there are more than thirteen million Bell telephones in the United States. Three-quarters of a million people own the Bell System. They and their families would make a city larger than Philadelphia.

It took long years of pioneering, forward-looking planning and honest management to build the Bell System as it is today, a national institution fulfilling a national need.

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The test of trying times has shown the soundness of its structure and the rightness of its one policy, one system and universal service.

Bell Telephone System

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NEW OUTLOOK

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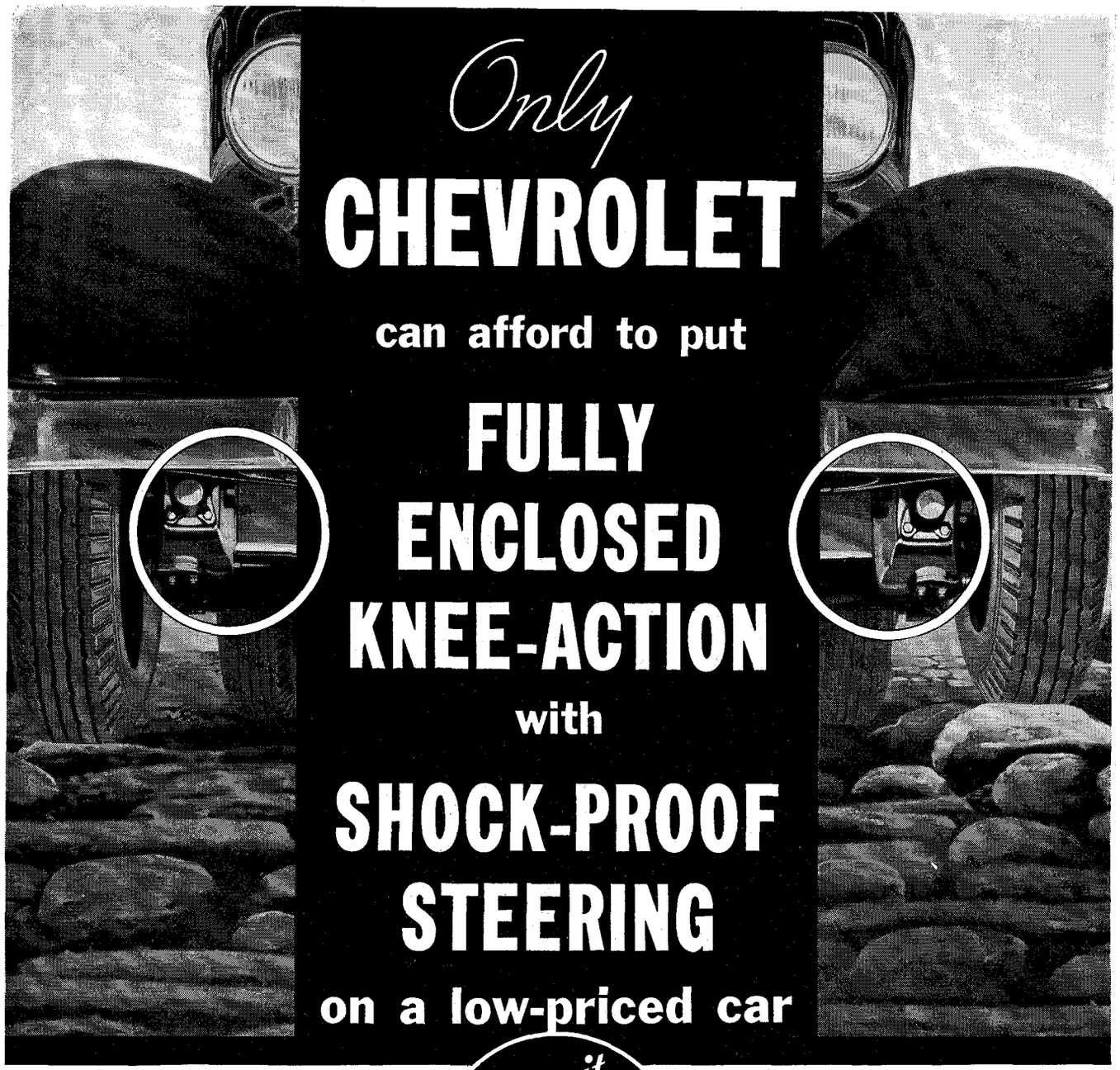

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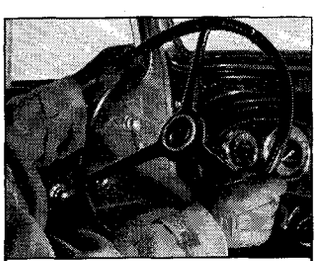

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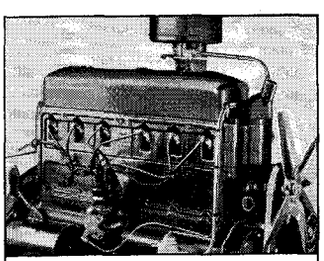

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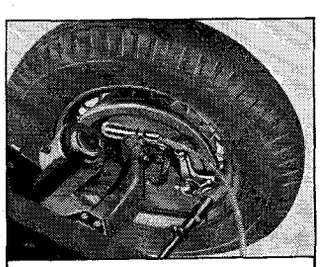

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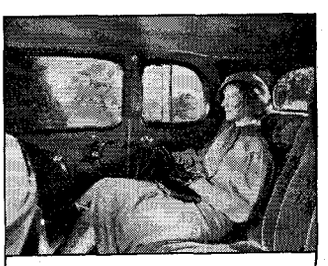

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The Conservative Opposition

by George E. Sokolsky

DURING the early days of Mr. Roosevelt's Presidency, the Emergency was employed to give the impression that political Opposition was intolerable because it was an impediment to Recovery. The defeat of the Republican party at the Presidential Election was accepted as a mandate from the people to operate the government on a *non-partisan* basis. The President, in his appointments to higher positions ignored party lines altogether and sought particularly to wean away liberal elements in the Republican party. Special bids were made to such Republicans as Senators Norris, Nye, La Follette and Borah. In the instance of Senator Hiram Johnson, Mr. Farley and General Johnson actually campaigned California for his re-election. In speeches and statements President Roosevelt indicated that he disregarded party lines and that he did not know the party affiliation of most of the men whom he appointed.

This non-partisan effort, this attempt to make the acceptance of President Roosevelt unanimous, this movement in the direction of One Big Party, was more subtle, more ingenious than the cruder activities in the same direction of Mussolini, Stalin and Hitler. For there was no direct coercion, no use of force, no suppression. All that was employed was the psychology of mass pressure created out of the Depression and used ruthlessly through every publicity channel by insisting that the alternative to the Roosevelt program was revolution. Big Business particularly was forced into line by a frontal attack on the leading business and banking houses with a view to ridiculing and humiliating and frightening the capitalists into an acceptance of the Fascistic NRA. Congress was stampeded into an acceptance of a program of granting the President vast permissive powers or risking a test of strength with his personal popularity before the electorate.

More than that, the liberal and radical opposition was silenced by the use of the British method of absorption. Liberals and radicals were employed by the government in vast and expensive numbers to draw plans, make charts and graphs, devise schemes, and experiment in every field of economics and sociology. Even though all their conflicting schemes could not be accepted, many of them were included among the permissive powers, never to be carried into action but all congealed into government policy. The liberal personnel of the United States felt that its task was to supply its superior mental equipment to a government which faced the task of putting at least ten million men to work.

From a purely theoretical standpoint a few Americans suspected this process as violating the fundamental American politi-

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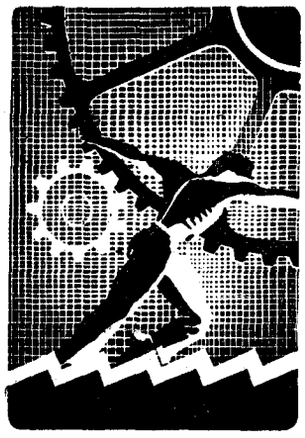

cal concept of two-party-government. Such Americans, particularly Senator Borah, felt that the "Emergency" should not be used to invalidate the authority of Congress under the Constitution. For it became obvious that during what euphemistically came to be known as the Honeymoon, bills did not originate in Congress, that some were passed without being read, that Congress was being turned into a ratifying agency in which debate was curtailed and the members lashed to the Executive by ties of patronage. Furthermore, the distribution of relief funds, of PWA, CWA, AAA, and RFC and all sorts of other funds could become a further weapon against Congress should the Executive choose to employ it. This small opposition to non-partisan government, as a general principle, refused to accept this doctrine as tenable under the Constitution.

As long as there was evidence that Mr. Roosevelt was succeeding, or might succeed, in putting ten million men to work, this opposition remained small and ineffective. Mr. Roosevelt's publicity agencies attacked them by ridicule. Such publicists as the learned Dr. Tugwell or the raucous General Johnson hit at them, often under the belt. The whispering campaign employed the slogan; "Well, what would you do in his place?", which always is a red herring across any intellectual trail, because the discussion then switches from criticism of definite action and policy to ephemeral discussion of idealistic possibilities.

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Nevertheless, as Mr. Roosevelt's failure became obvious, the opposition increased. It is necessary here to state Mr. Roosevelt's failures succinctly:

1. He could not and did not put ten million men back to work;
2. He was unable to liquefy the frozen assets of the United States, so that capital became available for industry, trade and commerce;
3. He was unable to reduce expenditures for relief;
4. He was unable to stimulate the use of capital goods, particularly iron and steel, building supplies and electrical equipment;
5. He was unable to find a procedure for adjusting the relations between capital and labor which had become maladjusted during the Depression;
6. He was unable to devise a program for protecting the farmer against a maladjusted price relationship between farm products and manufactured goods;
7. He has not been able to stimulate foreign trade.

Before Mr. Roosevelt sailed for Honolulu the failure of his program was evident to intelligent students of economic and political tendencies in the United States in his party as well as outside it. Criticism was appearing on all sides, but mere criticism is a nothing compared with positive economic action. The failure of the NRA to put men to work and to adjust the relations of capital and labor was evidenced by a series of strikes and labor wars which were of such vehemence that they led to actual bloodshed. The NIRA was thrown into court by employers who faced the alternative of going out of business. Codes were taken off the little industries. The NRA itself was put through a process of reorganization with the definite objective of making it less effective.

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During the past year, the total of excess reserves of the Federal Reserve Bank doubled and now amount to very close to two billion dollars. It is estimated that ten billion dollars are buried in the banks as stagnant money and that perhaps as much as a billion more is hoarded in safe deposit boxes. Bank loans amount to thirteen billion dollars, just half of the pre-Depression average. The banks could let that ten billion dollars go into the money market if they did not fear the policy of the government. As long as that money is unavailable for the exploitation of capital, business cannot improve, but there is even a greater danger, namely, that banks cannot afford to pay interest on deposits as long as they do not make profits from loans. In a word, the Rooseveltian program erected a huge dam which kept money from circulating in spite of apparent governmental action in the contrary direction.

Business-men and laborers have become equally dissatisfied then with the policy of the Administration. For the farmer, however, Mr. Roosevelt had a simple program: reduce production to a bare minimum and at the same time the government would send checks into farm areas to pay the farmer for not producing. The assumption was that the United States produced more goods than could be consumed in the United States. As Mr. Doane proved in the August issue of the NEW OUTLOOK this was statistical nonsense. Unfortunately for Mr. Roosevelt while the AAA was reducing crops, nature assisted in the process. An unparalleled drought affected the very areas where the AAA was most active and effective. Wheat, corn, cotton, and live-stock production reached an unbelievable low during the summer, so that the farmer in most agricultural states will have no crops to sell. Nature assisting the AAA produced a national calamity. Of course, Mr. Roosevelt is not responsible for acts of God, but he is responsible for unnecessary crop reductions by the AAA. It is impossible to imagine the appalling cost of placing the largest part of our agricultural population on some relief basis for the whole of the coming year.

The cost of the present Administration, with its vast experiments, can only be met by taxes, immediately or in the near future. Had prosperity come, this tax problem would not have become serious, for a country which has a national annual income of eighty billion can afford to meet a deficit of ten billion dollars over a short period of time. According to the World Economic Review for 1933 issued by the Department of Commerce, farm income for 1933 "has been estimated by the Department of Agriculture, on the basis of preliminary data, at approximately $6,403,000,000, including $289,000,000 estimated benefits distributed by the Agricultural Adjustment Administration." This represents "the lowest figure for any year for which data are available back to 1909." But it is unfair to regard the nearly three hundred millions of AAA contributions as income; it is a dole which must be met out of taxes.

The deficit this year will be the largest ever incurred in peace time. In a controversy between Mr. Fletcher and Walter Lippmann, the latter made much of the fact that

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the deficit will not actually amount to as much as the President could make it if he chose. The fact remains that the President can spend in 1934 and 1935, $10,246,000,000 for emergency expenditures. Although in 1934, instead of spending $7,523,000,000 for relief and emergency expenditures, only $3,960,000,000 were spent, the deficit for the year is around $4,060,000,000, and the balance of permissive expenditures will undoubtedly be used now that the drought has created a New Emergency. The national debt of the United States has increased from $16,931,000,000 in 1929 to an estimated $31,834,000,000 in 1935—or nearly twice the original amount. The combined indebtedness of state, municipal and other local governments was $17,590,000 in 1932—and has been steadily mounting. (No authoritative figures are available after 1932 for this item.) The total cost of all government, Federal, State, and local in 1932 was roughly $15,000,000,000 and it has been steadily increasing.

The taxpayer has to meet this bill, and the day of reckoning cannot be postponed. Federal and state taxes are increasing and the people are everywhere waiting for the next tax bill to appear. Farmers, particularly, are already in arrears for taxes and they will not be able to pay anything this year, *unless the government lends or gives them the money to pay their taxes.*

It is the tax situation which is beginning to break the era of good-feeling. City folks jest about the CCC and PWA expenditures; it is a good joke to make fun of the poison-ivy boys. But when one goes into the rural districts, then the language becomes real strong, for the farmer sees his money going into enterprises which he does not believe he absolutely requires and for which he has to pay. In the township where I happen to have a farm, taxes doubled last year. We are waiting for the bill to come this year, and some of my neighbors say that they'll go to jail and be fed by the county before they'll pay another increase. It is the taxpayer who is beginning to squawk; he no longer sees fun in young fellows playing at road-building at his expense.

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Two factors will undoubtedly be the sources of opposition to Mr. Roosevelt: labor troubles and taxes. Curiously enough, his failure to put ten million men to work does not stir the masses to opposition; they are rather used to that situation by now. But both capital and labor are weary of the labor mess, for which the Administration, the NRA, General Johnson and Senator Wagner are in no small measure responsible, nor will all the publicity men in their employ assist them to shirk their responsibility. For both capital and labor are dizzily trying to understand what has been said to them, what was meant by Section 7-a of the NIRA, what Senator Wagner's Labor Board tried to tell them to do, what local administrators required of them and what the new National Labor Relations Board expects of them. The labor confusion has stirred much, and will stir more, bitter opposition to the Administration.

To make matters worse, Mr. Roosevelt's absence from the United States during the strike months of July and August was almost as stupid a political error as Mr. Farley's airplane scandal. It was the first political error that the President had personally made and it may cost him his popularity in such states as California, Minnesota and Wisconsin which at the moment of going to press are strike-ridden.

The taxpayer's opposition is of a less vocal type. It will more likely be aimed at local rather than national officials. But difficulties with taxpayers always lead to major political upsets in any country. The taxpayer, in the United States, has on the whole, borne his load cheerfully, but now he has no money to pay, he is beginning to groan and growl. It has nothing to do with the willingness to pay; he may will anything, but the dollars are missing. In the Middle West and the South, this fall and winter, when the tax bills come due, it is safe to expect a demand for a postponement or remission of taxes. This demand will not be exactly inarticulate.

We now have come to a turning point in Mr. Roosevelt's popularity. The capitalist, the laborer, the farmer and the taxpayer still stand by the President but they are beginning to be vocal in their query as to what the hell it's all about. But the liberals and radicals are deserting the New Deal, and deserting it fast.

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In June and July, when it became evident that Mr. Roosevelt's course had to find a new channel, speculation was general as to whether he would go Right or Left. Most of his opponents assumed that he would be forced by his radical entourage to move to the left, and to move far, entering upon a new era of experimentation. On the other hand, it was evident to many of Mr. Roosevelt's advisers that the time had come to leave the laboratory and to let the experiments settle. So the President went to Honolulu and most of his leading associates departed from Washington. The country was for a while to be left to its own devices. August came and the statistical position showed no improvement, except for a rise in commodity prices due to the drought.

It became evident that Mr. Roosevelt was growing Conservative. Now, exactly what the evidence is and how anyone can tell whether the President is growing Conservative is not clear, because his Conservatism is unexpressed. In fact, his speeches after his return from Honolulu are similar in tone to those delivered before he left. Liberals, however, seem to sense a change. They are beginning to denounce him for strengthening monopolies, for betraying labor, for being a big navy man, for sacrificing states rights, for a concentration of government, for Fascism, for all sorts of errors, some of which fit and some of which do not.

The Liberal is usually a middle-of-the-road man who would do well by his fellow men. He suffers vicariously all the pains of mankind. He is the guardian of the underdog, but he usually dares not take a positive stand on any question, because he has trained his mind to see the good on all sides of all questions. He is a Kerensky. Liberals felt a kinship with Mr. Roosevelt. It was an emotional affinity rather than an intellectual conviction. It was a faith in his essential goodness and a willingness to give him a chance.

But the Liberals have lost faith. Most of them are no longer in the various administrations. They have gone back to their colleges and their regular jobs. They have become academically critical of the New Deal and have discovered in it, its startling economic fallacies.

These Liberals exercise a very potent influence in the United States because they teach in universities, they preach in churches, they write for magazines and newspapers. They are a definite pressure group. But the immediate

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effect of their opposition to the President's policy will surely be to make the people more conservative, because when mass opinion swings, its pendulum has a wide motion. The American mass had moved in a surprisingly *leftist* direction under the New Deal. It had permitted itself to believe that capitalism was dying, that Democracy was effete, and that a single man, as President, could alone pull them out of their economic difficulties.

They are now being told on all sides that that was an error. Many of those who can no longer support the President were once advocates of the New Deal. The people of any country follow a leader as long as they believe that they will benefit by his leadership. Stalin could easily replace Trotzky because his program sounded more reasonable to the Russian people; the Austrians followed Dollfuss rather than Hitler because they sensed danger to themselves in Hitler. The same is true everywhere.

When the Liberals attack Mr. Roosevelt they are attacking a Liberal and the popular reaction is to move to the Right, except for a small element which goes to the extreme Left, whom we call Communists. From the standpoint of this analysis, then, I anticipate that the opposition which is now sufficiently articulate to be noticeable, is a Right, a Conservative opposition.

But it lacks leadership. It lacks program. It lacks character. It lacks form. The Republican Party has given it two characteristics, one that of Senator Borah, and the other that of Mr. Ogden Mills. But neither of these gentlemen has yet formulated a program to which mass opposition can be hooked. The opposition is beginning to make its appearance, which means that we are in a new stage of the New Deal; when the opposition has definitely indicated its conservative characteristics, it will, in my opinion, stand for capitalism, democracy and the Constitution. That will be an interesting reversion to the American type.

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Behind the Soviet Mask

The mask of Sovietism is new, but what of the autocrat behind it, what of his government technique and his methods? Mr. Chamberlin, whose book *"Russia's Iron Age"* will appear this fall, gives some startling answers out of many years of experience as Moscow correspondent of *"Christian Science Monitor."*

by William Henry Chamberlin

WITH nations, as well as with individuals, the past casts long shadows. There is so much that is strikingly, obviously, flamboyantly new in the Soviet system that the foreigner who spends a short time in Russia may quite naturally come to the conclusion that there has been a complete break with everything that antedates the Bolshevik Revolution.

But the longer I have lived in Russia the more I have been impressed by the tremendous grip which former administrative ideas and practices still maintain, by the numerous links and parallels, some curious, some humorous, some sinister, which unmistakably bind the autocracy of the Romanovs, and of still earlier Tsars, with the Union of Soviet Socialist Republics. I am convinced that one can learn more about the spirit and the realities of the Soviet Union by reading a few good histories of Russia than by poring over innumerable speeches of Soviet leaders, with their stereotyped phrases and endless statistics.

The strongest link between old and new Russia is the absolutist character of the state, with its inevitable corollary: utter contempt and disregard for the rights and interests of the individual when these come into conflict with the supposed interests of the state. The Tsars ruled for their own glory and that of God; Stalin rules in the name of the dictatorship of the proletariat and the future world revolution. The masks are new, but the technique of government is strikingly similar; both the crowned autocrats of the past and the uncrowned autocrat of the present find it necessary to put to death and to hold in unpleasant places of exile what would seem in a Western country an abnormally large number of people. To make the parallel more complete, let us turn to Kluchevsky's description of the state of affairs under the Empress Anne, in the first half of the 18th century:

"Espionage became the most encouraged state service; everyone who seemed dangerous or inconvenient was eliminated from society. Masses were banished; altogether under Anne more than 20,000 were banished to Siberia, and it is impossible to find a trace of where 5,000 of these were sent."

This was Russia in 1730. It would hold just as good for Russia in 1930, except that the number of persons banished would have increased more or less in proportion to the growth of the population. And how many more traits of likeness there are in the Soviet and Tsarist administrative psychology! The spirit of the pre-war organized pogrom lives again in the liquidation of the kulaks; the one was a race atrocity, the other a class atrocity.

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I remember vividly a meeting at the large Kolomna metal factory at which I was present in the winter of 1929-1930, when a Communist woman agitator, with a peaked, fanatical face, urged the young workers at the meeting to go into the villages and help the authorities liquidate the kulaks. Perhaps this woman was a genuine self-sacrificing idealist; but the effect of her speech, for its victims, would be just as terrible as that of the address of a Black Hundred mob organizer of Tsarist times who would have been urging the masses to go and loot the homes of the Jews.

And the Tsarist prosecutors who worked up fantastic ritual murder charges against the Jews have found worthy successors in Gay-Pay-Oo examining magistrates who manufacture sabotage charges which are just about as credible as ritual murder—as when they accuse unfortunate bacteriologists of spreading poisoned serum or insist that elderly retired professors of history are promoting intervention from Germany.

In the autumn of 1929 many thousands of German colonists from Siberia flocked to Moscow and took up quarters in the suburbs of the city, asking permission to go abroad. As industrious and capable farmers with strong religious convictions they had suffered still more than the Russian peasants from the simultaneous Soviet drive against the well-to-do peasantry and against religion. Their behavior was perfectly peaceable; many of them belonged to the Mennonites and to other sects which are opposed on principle to the use of violence. They committed no overt act that might have justified the action of the Gay-Pay-Oo in carrying out a series of nocturnal raids on their settlement and forcibly deporting great numbers of them in freight cars either to their abandoned homes—where food prospects were, to say the least, bleak, since they had been stripped of their grain by ruthless requisitions—or to concentration camps. (A minority of them were allowed to get abroad and finally settled in

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South America.) An official of the Commissariat for Foreign Affairs expressed great indignation to me because the plight of these refugees and their treatment by the Soviet Government had aroused comment in Germany.

"They are our citizens, aren't they? We can do what we like with them," was his argument.

The irony of this attitude lay in the fact that this man had been obliged to live abroad, on account of his political convictions, under the Tsarist régime. In those days he would doubtless have done everything in his power to enlighten foreign opinion about any case of oppression or maltreatment of the peasants by the Tsarist officials. Now, himself a part of a new ruling system, he fell into the same formula with which a Tsarist official would have doubtless brushed away foreign protests against pogroms and other atrocities: "Our citizens. We can do what we like with them."

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When one begins to compare the Soviet Union during this day with Russia under Peter the Great, at the end of the 17th and the beginning of the 18th century, parallels are as thick as mushrooms. Peter's basic idea of introducing in Russia the trades and industries which flourished in Western Europe had many obvious points of similarity to the Soviet Five Year Plan; and his success, measured by the number of factories and other enterprises which he started, was considerable, if one takes into account the almost universal illiteracy in Russia and the lower technical resources of that period. The parallel with the Five Year Plan is further strengthened if one recalls that Peter's changes were accompanied by most severe deprivations for the population and by the ruthless smashing of many old beliefs and habits. It is a matter of historical record that Peter, who towers above almost all his predecessors and successors in energy and strength of personality and who had the sincerest belief that he was working for Russia's ultimate good, found himself obliged to squeeze more out of the population, especially out of the peasantry, than the sleepy early Romanovs who preceded him—a circumstance which, along with his innovations, convinced many of his subjects that he was antichrist incarnate.

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In reading Russia's classical economic history, M. Tugan-Baranovsky's *"The Russian Factory in Past and Present,"* I was surprised to find how many concrete problems of economic development in the time of Peter the Great and his successors were similar to those which confront Stalin and his associates at the present time. "Throughout the whole first half of the 18th century," writes Tugan-Baranovsky, "complaints of factory owners about the lack of workers do not cease."

Throughout the Five Year Plan, Soviet factory managers, especially in new construction sites, were continually voicing the same complaint. The remedies which were found for the situation were not dissimilar. In Peter's time workers were "attached" to factories for a period of ten years; now excessive mobility among workers and slacking on the job are attacked by such methods as the widespread use of forced labor, the taking away of food cards from persistent "fliers,"—or persons who "fly" from one job to another,—the exaction of pledges from workers to remain at their posts for fixed periods, and so forth.

We read in Tugan-Baranovsky that "the goods produced in Russian factories [of the 18th century] were distinguished by extreme expensiveness and low quality," and that this state of affairs persisted, despite the action of the state in fining the administrative department or guild which was responsible for the management of the factories. This seems to forecast the efforts, largely futile up to the present time, of the Soviet authorities to raise the notoriously low quality of factory output by prescribing sentences of imprisonment up to five years for managers, engineers, and others who may be found guilty of putting goods of defective quality on the market.

And there is a distinctly modern ring about Tugan-Baranovsky's statement, which refers to Russia in the 18th century, that "it was difficult to hold foreign experts, because they demanded much money and seldom adjusted themselves to Russian conditions." More than one American engineer or mechanic who quit the Soviet Union in a huff because of red tape, or hard living conditions, or a dispute with the authorities as to whether his contract called for payment in Soviet rubles or in some more solid currency medium, was unconsciously following in the footsteps of his British, Flemish, and German predecessors of two centuries ago.

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The foreign technical assistant or adviser has been a constant figure on the Moscow scene for centuries, although his functions change, of course, with the passing of time and the new developments in industry. Foreigners are no longer physically segregated, as they were in the so-called *nemetzkaya sloboda,* or German Settlement, which existed in the 17th and 18th centuries. Yet the average foreign specialist or engineer who is employed by a Soviet trust is sharply differentiated from the Russians by the cut and quality of his clothing, by the food which he eats, and by his general style of living. And one suspects that, if a few natural allowances are made for conditions which change with time, the comments of a group of Americans, returned to Moscow for rest and recreation and assembled in the bar of the Metropole Hotel, after bleak and strenuous field work at Magnitogorsk, Dnieprostroi, or some other Soviet "industrial giant," would not be very different from those of the typical "foreign experts" of two or three hundred years ago who might have gathered in an inn of that time —a grizzled Scotch soldier of fortune, who was trying to make the Russian levies into passable regular troops; a Dutchman who was imparting instruction in the art of shipbuilding; a German who had charge of a new ironworks. One suspects that in both cases there would be much loud talk about dirt and discomfort, about the laziness and low productivity of the Russian workers and the generally strange living conditions of the country, coupled, perhaps, with silent reflection to the effect that, as jobs were reported to be scarce at home, it would perhaps be just as well to stick it out in Russia a little longer.

Foreigners in Russia have always been simultaneously spied on and pampered; they have never been subjected

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to the full rigors of the formidably indeterminate penal code which Tsars and Soviets have reserved for their own subjects. President Roosevelt's insistence, in the negotiations which preceded recognition, that Americans in the Soviet Union shall be free to establish their own churches, has a parallel in the mediæval arrangement for the Germans; and a diligent research student even discovered the interesting fact that something in the nature of the present system under which foreign embassies are required to pay for food in some other currency than Soviet rubles existed in Moscow two or three centuries ago. The virtues of Poor Richard have never been characteristic of Russian individuals, still less of the Russian state; and, if one excepts a period of a few decades immediately before the war, Russian currency has always been somewhat lacking in the qualities of stability and solidity.

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Russia has always looked on the West with a peculiar mixture of superiority and inferiority. "The rotten West" was a phrase beloved of the reactionary mystical Slavophiles who saw in autocracy, the peasant commune, and the Orthodox Church institutions which placed Russia far above the Western countries, with their cold liberal parliamentarism and capitalism. The Young Communist of the present time is also trained to look with contempt on the "rotten West," which is always depicted to him as decaying and breaking up, while the Soviet Union, by contrast, is represented as moving from victory to victory. Yet, along with this current of extreme national self-sufficiency, there has always been a contrary current in Russian life of excessive self-deprecation, of uncritical admiration of everything foreign. Peter the Great and Stalin have both, probably unconsciously, endeavored to solve this contradiction by borrowing from the West its technical achievements, while severely repressing any infiltration of the Western idea of individual liberty.

Perhaps as a result of its vast bulk and of its special geographical position, linking up Europe and Asia, Russia has always felt a vague conviction that it had a Messianic mission to perform for the whole world. Nicholas I, who was in some respects the most perfect type of autocrat among the Romanov Tsars, was not content to be an unlimited ruler in his own country. He wished to make absolutism the dominant principle of government throughout Europe. When the Austrian Empire, after 1848, was rocked with national and social unrest, Nicholas dispatched Russian troops to help the Austrian Emperor maintain conservative "law and order." Obsessed with this same conception of an international mission, the Bolshevik leaders at the present time, despite many disillusioning disappointments, are still not ready to admit that the Bolshevik Revolution was a national Russian unheaval and not a prelude to world revolution on the same model.

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Extreme secretiveness is another of the many administrative practices which the Bolsheviki have taken over, in somewhat intensified form, from their Tsarist predecessors. The Communist historian, M. N. Pokrovsky, tells how, under Nicholas I, secrecy was carried to such an absurd point that every document in the Ministry of Foreign Affairs, however trivial, was marked "secret" or "very secret," so that other means had to be found in order to mark out those documents which really were of first-rate confidential importance. Pokrovsky derives from this fact the conclusion that secrecy was the characteristic sign of a serf state.

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One fears that he proved rather too much by this statement, because the annals of Soviet bureaucracy are full of examples of exaggerated secretiveness which would seem incredible in many other countries and which are no less absurd than those of the "serf state" of Nicholas I. A correspondent who recently inquired about the total number of marriages and divorces in the Soviet Union was informed that this was a state secret. The same answer was given by an official of the Commissariat for Foreign Affairs when he was asked for information as to the personnel of the Soviet War Commissariat. (This information, amusingly enough, was then found in an official publication of the Commissariat for Foreign Affairs.) Every journalist, every student of economic affairs, knows that statistical and other information which is given without a second thought in most countries is often withheld and cloaked with an atmosphere of profound secrecy in the Soviet Union, and that when it is given it is not infrequently far from reliable. A correspondent who had just returned from a trip through several districts of Ukrainia and the North Caucasus, where local officials confirmed the universal peasant testimony of abnormal mortality as a result of hunger in the winter and spring of 1932-1933, went to the Commissariat for Health in Moscow and asked a responsible official in its foreign department what were the figures of mortality from famine. Perhaps taking the correspondent for a naïve and inexperienced foreign visitor, the official blandly replied:

"Such a question could only excite a smile. There were no deaths from hunger at all."

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Just at the time when the Soviet Government was prohibiting foreign journalists from traveling in the famine regions I happened to read a biography of Tsar Boris Godunov by Stephen Graham and was naturally struck by the following passage:

"He believed he could overcome rumor by silence. He believed he could hide self-evident truths by national pretense. The famine brought beggary and misery upon his reign and the injury to his good name as sovereign mortified him much more than the famine itself. He feared lest the catastrophe be noised abroad. So he organized prosperity parades before the foreign ambassadors in Moscow to make them think things were not nearly so bad as they had been told. At the beginning of 1603 it was forbidden for anyone to appear in rags in the streets. Conversation with foreigners was forbidden, lest someone should tell them of the ruin that had befallen Russia."

This passage described a Tsar's efforts to suppress news of a famine that occurred in 1602-1603. It could serve almost equally well as a description of the Soviet Government's effort to hide from the outside world the famine of 1932-1933.

That the yoke of state service under Tsar and under Soviets was a hard one is evident from the curiously similar experiences of two men who broke away from it—Gregory Kotoshikin in 1664, Gregory Besedovsky in 1929. Kotoshikin was an employee in the Ministry of Foreign Affairs who was beaten for making a mistake in writing the title of the Tsar. Becoming involved in a further scrape, he did

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not wait for a second punishment, but fled across the frontier to Poland and made his way thence to Sweden, where he wrote a book which gave a most unfavorable picture of state and private manners and morals in 17th century Russia.

Gregory Besedovsky, who had served for almost a decade in the Soviet diplomatic service and had occupied the responsible post of Counselor of Embassy in Tokyo, Warsaw, and Paris, created a momentary sensation by leaping over the wall of the Paris Embassy and appealing to the Paris police for assistance in rescuing his wife and child, who, he said, were being held as hostages for his return. The Soviet version of this curious diplomatic incident was that Besedovsky had embezzled public funds; Besedovsky insisted that he was marked for execution on his return to Moscow because he disagreed with Communist Party policy. Whatever may have been the measure of truth in each version, Besedovsky promptly followed in the footsteps of his predecessor, Kotoshikin, publishing several books in which he gave a most unflattering picture of the methods of Soviet diplomatic missions abroad and of the foreign representatives of the Gay-Pay-Oo. Kotoshikin came to a bad end; he was beheaded because of a murder which he committed in the course of a private quarrel. It remains to be seen whether the 20th-century fugitive from Russian diplomatic service will have better luck.

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One could go on multiplying curious and ironical parallels between personalities and events in Old and in New Russia indefinitely. The similarities of administrative method between Tsarist and Soviet Russia are even more striking and more significant than the persistence of certain traits of Russian character: incurable unpunctuality, for instance, or keen popular enjoyment of music and drama.

Behind this tradition of the absolutist state in Russia lie, of course, definite and peculiar features of Russia's historical development. The mediæval Muscovite state grew up and expanded in a process of ferocious and protracted struggle with the Tartars and with other Asiatic barbarians. This struggle had two natural effects: a tremendous strengthening of the central governmental power, embodied in the Tsar (European visitors to Russia in the 16th and 17th centuries repeatedly expressed amazement at the absolute power of the Tsar, compared with that of their own sovereigns); and a certain brutalization of the national character as a result of the continuous sanguinary warfare.

Russia's history is notably lacking in those elements which placed a bar upon absolutism during the Middle Ages and paved the way for the ultimate emergence of democracy: powerful, semi-independent feudal lords, free cities, a Church which could face the State on equal or superior ground, a landed yeomanry, free from the shackles of serfdom. Russia has no such traditions as the English barons at Runnymede or John Hampden refusing to pay his ship-money levy on a question of principle or Luther nailing his theses to the door of the Wittenberg church. It knew only the unlimited power of the Tsars, the heavy bureaucratic rule of the Tsarist state machine, occasionally varied by fierce outbursts of anarchy such as the peasant rebellions of Razin and Pugachev.

Even non-Communist Russians are sometimes inclined to admire the tremendous scope of their country's revolution, to feel that, whatever its cruelties and blunders, it did create something new under the sun. In many respects, of course, this is true. But at the same time I seriously doubt whether the establishment in Russia of some form of liberal democracy, under which no citizen could have been herded into a freight car and shipped off to forced labor without open trial, would not have been a greater revolution, a greater breach with all the traditions of the Russian past, than the substitution of the Soviet dictatorship, with its Gay-Pay-Oo, for the Tsarist autocracy, with its Okhrana (secret political police).

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Perhaps the strongest reason for disappointment with the final outcome of generations of Russia's revolutionary struggle, which had so many heroes and martyrs, is not that so much has been transformed and destroyed, but that so much of the Tsarist technique of government—stifling of free criticism, all-pervading espionage, arbitrary arrest and banishment of political suspects—has been taken over unchanged or preserved in aggravated form.

That Soviet repression is more severe than that of the Tsars is scarcely open to denial. The Tsarist Government severely controlled and repressed opposition newspapers; the Soviet Government forbids them altogether. The Tsarist Government crippled the effective functioning of opposition political parties through administrative discrimination and through the agency of an indirect election system which gave very great advantages to the nobility and to the propertied classes in the cities; the Soviet Government outlaws all opposition parties and the Communist Party is quick to suppress any opposition groups which form within its own ranks. Far more people in Russia were executed or were banished to hard labor without public trial and for political offenses during the period 1928-1933 than during the five years of Tsarism, 1909-1914.

One feels that Rileev, the poet of the Dekabristi, or Sofia Perovskaya, who paid with her own life for the assassination of Alexander II, might not have fitted into the régime of Party dictatorship, might have felt uneasy and rebellious under the ever-watchful eyes of the Gay-Pay-Oo spies. But Nicholas I, the Tsar-provocator, who personally took charge of the cross-examination of some of the Dekabrist leaders in order to entrap them into full confessions, would certainly have been a useful recruit for the Gay-Pay-Oo; one is certain that he would never have let any *saboteur* go for mere lack of evidence, that he would have tolerated no deviation from the Party "general line."

It is the historical tragedy of the Bolshevik Revolution that, in the struggle to get and keep power, it unconsciously assumed so many features of the despotism which it set out to overthrow. This, incidentally, is a tragedy that has often repeated itself in various countries and in various forms.

Part of the tremendous fascination of the Soviet Union lies in the fact that it offers so much that is new and untried in economic and social fields; that it has changed the ideas and living habits of the people, especially of the younger generation, so greatly. But on the numerous occasions when one can see Old Russia peeping out behind the transparent new Soviet masks, when one can see the mentality of a mediæval autocracy curiously reproducing itself as part of the ideological armor of the dictatorship of the proletariat, one senses very strongly the profound skeptical wisdom involved in the French proverb: *Plus ça change, plus c'est la même chose.* ("The more it changes, the more it remains the same.")

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The Parable of Plenty

This is the second of a series of articles based on the findings of the NSPPC in which Mr. Doane presents new facts to explode the theory that we exist in a surplus economy.

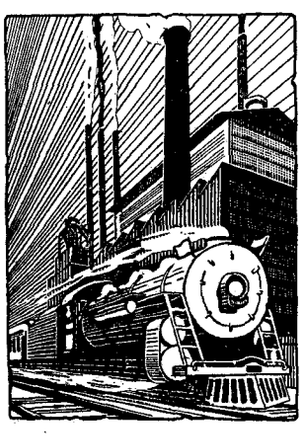
by Robert R. Doane

MEASURING the actual capacity of a nation's industry is a serious business. As the essential starting point for the contemplation of our modern industrial problems its importance hardly can be overestimated. Not unlike the making of a private inventory of one's resources and abilities, there is little profit in the indulgence in careless speculation, and even less to be gained through self-delusion.

Those who would attempt to measure the possible, and as yet unrealizable, "potential" capacity of a resourceful nation must boldly abandon the realm of realistic economics and venture forth upon the querulous seas of philosophy. This is not to say, however, that we have no philosophers in economics. On the contrary, the present state of our nation would indicate that we have had far too many of them.

Nor is this a mere facetious statement. Whether quantitative expansion or qualitative redistribution within an economy—as it relates to material resources and production—is to be identified as socially desirable progress from an ethical or æsthetic point of view may be an interesting and an important question; yet such considerations do not fall within the sphere of either theoretical economics or practical statistical studies—which were the first, and principal concerns of the National Survey of Potential Product Capacity.

As outlined in the first article of this series the chief concern lay in the making of a quantitative inventory which would disclose our material resources and their relative capacities as related to raw materials, their processing, transportation, distribution and ultimate consumption. And above all, in so far as the handling of the data were concerned, an absolute integrity to the scientific principles of fact-finding became a prime and steadfast rule. Also in the making of such an inventory it has ever been kept in mind that there has been no single factor that has been subject to more misinterpretation and misunderstanding than has been that surrounding the measurement of *capacity*. Thus the problem of careful definition came immediately to the fore.



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Capacity, the very quintessence of a nation's wealth, is in itself an elusive thing. It is flexible and subject to many factors both within and without the industrial structure. It cannot be measured entirely in terms of physical equipment, in the application of man-power, in efficiency, or in capital costs—but only in combination with these and other factors can some true approximation be obtained. It is thus impossible to find any "unit" which might be made to constitute an ideal index. Non-uniformity of definition and the methods of estimation have varied both between industries and between sections within the same industry. The "load" factor, the factor of "seasonality," the varying number of "shifts," technological changes in the processing of materials with its accompanying high rate of obsolescence, "rated" capacity of machines, "theoretical" capacity, "potential" capacity, were all problems which had to be taken into consideration.

Also the attitude of the individual reporting manufacturer with his lack of faith in an "apportioned" market combined with trade association activities in defending the interest of their members against new competition has had a tendency to lend exaggeration and an over-statement in many periodic reports.

As a result of this confusion and lack of strict comparability between industries a somewhat broad and general definition covering only the *normal practical capacity* as defined by each authoritative trade association became the accepted procedure of this survey. In so doing, the ratios as herein given represent production in relation to normal practical capacity as distinguished between theoretical potential capacity, and are to be interpreted as representing an output which could be reasonably attained under conditions of maximum demand, assuming adequate transportation service, freedom from labor strikes and labor shortage, and allowance for all holidays and time lost for repairs.

Several modern doctrinaire schools of thought have made much of what they term our recent and rapid increase in "excess capacity." Unfortunately there is not available any long series of capacity figures running back over a period of years that covers the entire range of our industrial plant. There is, however, an excellent yardstick covering the two most representative and major ingredients in the modern industrial economy; namely that

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of iron and cement. Thus, in order that we may see whether or not this problem of "excess capacity" represents some new phenomena that has been injected involuntarily into the economy as a result of an imperfect functioning of our institutions and as such is an entirely *new* experience we reproduce herewith the following table:

Years	Pig iron per cent capacity	Cement per cent capacity
1912	68	75
1913	69	80
1914	52	77
1915	66	66
1916	84	68
1917	76	68
1918	77	52
1919	61	60
1920	70	68
1921	31	68
1922	51	79
1923	75	85
1924	58	85
1925	73	84
1926	76	76
1927	73	74
1928	76	74
1929	84	66
1930	62	62
1931	41	46
1932	27	28
1933	20	23

It will be noted that throughout this entire period of nearly a quarter century the average ratio of current production to total capacity stood fairly uniform at approximately seventy-five per cent.

Now let us review, for further purposes of perspective, the current production percentage to capacity of those durable goods going direct to the consumer:

	Motor cars per cent capacity	Rubber tires per cent capacity
1921	60	70
1922	80	74
1923	73	85
1924	83	78
1925	90	80
1926	87	82
1927	85	70
1928	87	79
1929	75	84
1930	55	45
1931	44	35
1932	45	21
1933	61	30

Here we find, over a span of normal business years, an average excess capacity of approximately 15 and 20 per cent. And with the two sets of figures combined we secure an average ratio of current production to total capacity of some eighty per cent. Evidently there is little "new" or startling about this. The same close proximity to this average runs through a long list of our major industries, a list far too long to be reproduced here. Suffice it to say that factors inherent within the functioning physical limitations of the economy have been the major determinants regulating the fluctuation around a load factor rarely exceeding even 10 per cent.

When it becomes fully realized that these are *annual averages* only, and have been computed from monthly performance which in many cases have reached close to the limits of capacity only to recede during certain months, their full significance becomes more clear. Also it will be borne in mind that all *going* plants operate under the necessity of maintaining *reserve* equipment to care for emergency breakdowns, and that these reserves are also carried in our capacity figures. To anyone familiar with the practical problems of industrial plant operation, leaving out of account the element of non-uniform human skill and the continuous succession of labor disputes, it is well known that *continuous capacity* operation could not possibly be attained. The necessity for replacement and the wearing away and current maintenance precludes the possibility of any such performance.

In any progressive economy, operating under any system —be it socialism, syndicalism, communism or capitalism— the means of production (capacity to produce) at any given time *must* be in excess of the actual requirements of that time. If they are not, then the economy is not progressing. The most fundamental of all national economic considerations is that its current activity is compelled to look eternally to the future. And if that future, with its mounting population, is to be provided for, there must then be a continuous increase in its means of production or capacity to produce.

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Of course, the ideal utilization of our capacity, from the standpoint of the technocrats, would be 100 per cent. And, not in the least surprising, it would be also 100 per cent if any self-interested practical business man's dreams could, by some miracle, be made to come true. The managers of a business charged with the actual job of making it pay must give thought to this problem of increasing their load factor. In other words, if the management could operate their plant at capacity twenty-four hours a day and 365 days a year, its load factor would be 100 or 100 per cent capacity. Or more realistically, the plant would be earning every minute of the year, just as the interest on its investment and its taxes runs every minute in the year. Yet every practical business man knows that his total capacity operations will always be equal to the *least common multiple* of all the capacities of the several related elements conditioning its operation.

This same least common multiple becomes the determining influence in the productive operations of the national economy as a whole. And it may manifest itself in bottlenecks arising in labor, materials and institutions.

The accompanying table can be made of inestimable value in tracing through the stresses and strains and limiting "bottlenecks," as it depicts the percentage of produc-

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tion to capacity as realized in our industries during the peak year of 1929.

PER CENT OF CURRENT PRODUCTION TO CAPACITY
MAJOR AMERICAN INDUSTRIES, 1929

Chemicals:

	%		%
Sulphur	90	Soap	78
Barium	93	Linseed Oil	75
Magnesite	86	Explosives	80
Phosphate Rock	94	Paints and Varnishes	75
Talc and Soapstone	93	Oils, Castor, Palm	78
Iron Chloride	99	Fertilizers	98
Glaubers Salt	90	Sulphuric Acid 100%b	97
Calcium Acetate	76	Sodium Hyposulfite	71
Potassium Hydroxide	90	Salt Cake	95
Aluminum Stearate	90	Sodium Silicate	90
Carbon Bisulfide	77	Soda Ash	81
Carbon Tetrachloride	86	Sodium Bicarbonate	80
Methyl Acetone	90	Sodium Sulfide	76
Ethyl Acetone	90	Sodium Phosphates	97
Chloroform	90	Nitric Acids	91
Ether	78	Muriatic Acid	95
Acetates, Amyl, Butyl	90	Compressed and Liquid Gas	100
Mercury Compounds	88	Sodium Hypochlonite	76
Sodium Compound	90	Ammonia (Synthetic)	96
Bismuth Compounds	71	Ammonia (By-product)	97
Mixed Acids	90	Aluminum Sulphate	98
Phosphoric Acid	90	Alums	60
Tannic Acid	90	Lime (Quick)	80
Chromic Acid	90	Caustic Lime	80
Carbonic Acid	81	Salt	80
Citric Acid	90	Glycerine	78
Oleic Acid	90	Sulphur (ex-pyrites)	88
Stearic Acid	90	Magnesium Sulfate	77
Tartaric Acid	77	Lead Arsenate	68
Copper Sulfate	90	Calcium Arsenate	73
Zinc Chloride	90	Calcium Phosphate	85
Carbon, Bone, Lampblack	74	Calcium Sulfate	70

Non-ferrous Products:

	%		%
Copper Mining	98	Slate	86
Zinc Mining	91	Molybdenum	97
Lead Mining	96	Bauxite	91
Manganiferous Iron	75	Silica	93
Manganese	20	Mica	81
Zinc Smelting	79	Gypsum	84
Lead Smelting	91	Asphalt	79
Quicksilver	91	Aluminum	88

Iron and Steel Products:

	%		%
Pig Iron	84	Malleable Castings	71
Steel Ingots	89	Steel Barrels	58
Steel Castings	76	Rolling Mills	74
Fabricated Structural	83	Wire	79
Fabricated Steel Plate	54	Iron Ore	91
Steel Sheets	100	Blast Furnaces	88

Forest, Wood Products:

	%		%
Wood Distillation	95	Cork Products	50
Wood, Turned, Shaped	99	Excelsior	99
Boxes, Cigar	99	Lasts, Patterns	99
Cabinets, Refrigerator	99	Baskets	99
Window, Door Screens	80	Lumber, All Kinds	60
Matches, Toothpicks	99	Boxes	99
Mirror, Picture Frames	99	Wood Preserving	80
Cooperage	99	Billiard Tables	55
Planing Mill Products	7.	Furniture	50
Models	99	Turpentine and Rosin	100

Stone, Clay and Glass Products:

	%		%
Glass Containers	75	Sandstone	74
Window Glass	52	Marble	92
Glassware, All Kinds	40	Limestone	82
Cement, All Kinds	66	Granite	87
Abrasives	90	Basalt	82
Sand, Molding	78	Stone, Misl.	81
Sand, Glass	94	Sand and Gravel	83
Clay, Mined	90	Asbestos, Raw	67
Feldspar, Crude	86		

Machinery:

	%		%
Machine Tools	100	Gas Machinery	86
Business Machinery	100	Hat-Making	90
Agricultural	800	Condensers	88
Packing House	90	Conveying	90
Paint-making	90	Ice Cream and Candy	74
Oil Refinery Equip.	100	Dish-Washing	90
Oil Mill	58	Cotton Gins	94
Paper Box	100	Cranes	90
Motion Picture	95	Dairy, Cheese, Butter	98
Paper and Pulp	100	Dredging	90
Incandescent Lamp	98	Clothes-Pressing	74
Packaging	88	Elevators	99
Oil Well	100	Clay-Working	88
Mining	100	Cement Making	99
Metal-Working	99	Bottling	88
Leather-Working	66	Baling Presses	90
Locomotives, Parts	50	Bookbinding	90
Glass-Making	98	Baking	80
Engines, Tractors	88	Blowers	99
Foundry	90	Canning	96
Flour, Grain-Mill	99	Foundry, Machine Shop	99
Gas Governors	80	Meters	90
Laundry	99	Cars, Industrial, Mine	98
Lawn Mowers	80		

Fuel and Energy:

	%		%
Anthracite Coal	74	Petroleum, Crude	81
Bituminous Coal	71	Petroleum Refining	85
Coke	98	Fuel Briquettes	22
Gas, Manufactured	66		
Gas, By-Product	91	Water Power	42
Natural Gasoline	61	Electric Current	40

Textile Products:

	%		%
Cotton Goods	44	Outerwear, Knit	91
Hosiery, Seamless	91	Bags	62
Woolen Goods	71	Knit Cloth	91
Shirts	50	Wool-Hair-Jute Felt	36
Broad Goods	68	Waste	50
Worsted Goods	67	Artificial Leather	53
Underwear	91	Wool Shoddy	36
Rayon Fibre	100	Oilcloth	57
Men's Work Clothes	60	Awnings, Tents	44
Carpets and Rugs	66	Handkerchiefs	64
Hosiery, Full	53	Wool Felt Hats	36

Food Products:

	%		%
Bakeries, Bread and Cakes	57	Sugar, Beet	67
Fresh Fish	85	Molasses	74
Canning and Preserving	90	Cane Syrup	77
Confectionery	72	Sugar Cane	64
Biscuits, Crackers	43	Cereal Preparations	60
Ice, Manufactured	68	Chocolate and Cocoa	82
Beverages, Soft	34	Sausage	97
Flour	57	Macaroni	93
Ice Cream	37	Chewing Gum	36

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	%		%
Cottonseed Oil	38	Wines	20
Sugar, Cane Refineries	61	Distilled Spirits	68
Grain Mill Products	57	Malt	66
Canned and Cured Fish	91	Salad Dressings	50
Coffee, Tea, Spices	72		

Paper:

	%		%
Total, All Grades	81	All Other Paper	86
Book, Uncoated	84	Fine Writing	82
Pulp	82	News Print	83
Wrapping	79	Board	78

Miscellaneous:

	%		%
Boots and Shoes	81	Tires and Tubes	63
Automobiles	84	Radio Sets	31
Ship and Boat Building	50	Radio Tubes	63
Building and Construction	99	Printing and Publishing	80

Services:

	%		%
Railroad Freight Haul	50	Warehouses	77
Railroad Passengers	50	Gas Service Stations	35
Roadway and Track	33	Electric Communications	50
Motion Pictures	43	Dyeing and Cleaning	66
Power Laundries	66	Office Buildings	88

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Of the 262 individual categories covered in this tabulation we secure an approximate grand average ratio of production to normal capacity for this 1929 peak year of 79.6 per cent. By comparison of 1929 excess capacity with that of 1923, as reported to the Bureau of the Census, discloses the significant fact that there had actually been a decline in our *so-called excess capacity* in 1929 over that of 1923 of some 7 per cent.

Furthermore if we segregate those industries producing consumer goods which have undergone the greatest degree of mechanization during the past 30 years we find that the total value of their product approximates less than 14 per cent of the total national income in 1929.

And what may be of even greater significance is that this same group, in which the maximum mechanization has occurred since 1899, produced a total value of product 30 years ago of exactly 14 per cent of the total national income. While of the total gainfully employed in manufacturing industry this same intensely mechanized group, which we have been told has so damaged our economy, employed 17 per cent of the total in 1899, and 19 per cent of the total in 1929!

Included in the above category are newspapers and books, motor cars, tires and tubes, wool carpets, furniture, cutlery, stamped enamel ware, boots and shoes, meat packing, canning and preserving, bakery products and cigars and cigarettes.

The above cold facts would seem to constitute an amazingly irrefutable answer to almost the whole body of claims that have recently been put forth by the New Era and New Deal economists.

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By way of further statistical reminiscence let us once more go back to 1899 and span those three great decades in our search for relative changes that have so marked America's advance. The following table of comparative percentage change speaks with equal significance:

	Percentage increases 1899 to 1929
Population	62%
Wage Workers Employed	88%
Volume of Goods Produced	150%
Cost of Living	150%
Horsepower Installed	330%
Value of Production	536%
Wage and Salary Payments	650%
Total National Income	650%

Here we find that during this period while, according to socialist doctrine, capitalism was slowly crushing itself, it yet managed to more than double its physical productivity; that while the cost of living rose 150 per cent, yet wage payments had risen more than four times farther. Further, if we reduce the total national income and wage payments to dollars of constant purchasing power we find the "real" national income to have stood 150 per cent above that of 1899; we find total wage payments to have stood exactly 150 per cent above that of 1899, and we find the total physical volume of production to have stood 150 per cent above that of 1899.

From the above time-tested economic laboratory experience one would be inclined to think that there must be a certain kinship between those two great phenomena *income* and *production*.

Also when we view our disposal of income, all careful studies have again and again proven that the expenditures for goods of consumption and for capital goods both go entirely for the purchase of the total *results* of our annual production.

The evidence is indisputable. America was not suffering with an excess of capital (which is another way of stating excess capacity) in that fateful year of 1929. The truth is that America did not have enough capital.

But—say our social theorists—were it not for our archaic institutions, which, through their price-profit enforcement system, inhibit and frustrate instead of fostering and promoting the full creative abilities and capacities inherent within our economy, we *could* attain an abundance for all. And certainly no man can quarrel with such an *ambition*. The problem lies largely in the relative restrictive obstacles by way of physical limitations, and the method to be employed in successfully overcoming them, rather than with the various individual gradations of generosity one might feel toward his fellow man. Nevertheless, without a moment's reflection upon such abilities, several members prominent in our "brain-trust" have found an easy answer. Among them Professor Berle has stated in the *"New York Times"* (Oct. 27, 1933) the following:

"Now there is an answer possible. If, let us say, the government of the United States, forgetting all about the Constitution, were to commandeer everything and everyone tomorrow afternoon, it could make a program that would look something like this:

"It would say to every department store and small retailer, 'You are now a government distribution office.' It could say the same to every wholesaler, etc. . . .

"If such a method of distribution were arranged, and it was carefully and thoroughly done, and industry main-

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tained its efficiency, pretty much everyone in the United States would have in terms of goods and services, an income equivalent to somewhere in the vicinity of $5,000 a year—or, rather, equivalent to what $5,000 a year income will buy now."

All of which sounds very well, and is conceivably convincing to all those who are not familiar with the resources of the economy. Let us, for the moment, assume that the present property owners of America were willing to accept such statements at their face value, and would also be willing to surrender their rights and under this supremely beneficent new system of "rationing" share these promised blessings with us all. What, then, with our present equipment, technological knowledge, labor-power, machine-power, and material resources, could we expect?

In the light of our present knowledge let us review our consumption and production in terms of their major ingredients covering the peak year of 1929. In so doing we may take those outstanding divisions of our economy that represent the approximate total of our industrial activities. In the above tabulation all materials are given in tons of comparable weight (a unit of measure against which our technocratic friends are steadfastly against for some inexplainable reason).

It will be borne in mind that the distribution of these materials among the various categories of consumption represent the state of balanced proportion prevailing within the industrial economy itself, and that any significant change within one division will be correspondingly reflected in all. It will also be recalled that the accompanying table deals almost exclusively with the durable goods economy, as distinguished between highly consumable goods. It will further be kept in mind that these goods represent chiefly the "savings" of the nation in so far as they go into the creation of "means of production," such as machines, factories, railways, and the power producing industries. Also that the continuous augmentation to this *means of production* is an indispensable condition to the modern progressive economy. And that it is in this field that we find almost one-half of our normal gainfully occupied workers.

Now let us reproduce, for convenience sake, the relative capacities to produce as found existing among these industrial categories. Building and construction, 89; railroads, 50; motor cars, 84; machinery, 100; telephone and telegraph, 90; electric power, 40; manufacturing, 80; while our ability to produce among the raw materials utilized by the above industrial classifications stands as follows: iron and steel, 83; copper, 98; lead, 96; zinc, 91; glass, 52; lumber, 60; cement, 66; paint, 75; coal, 71; petroleum, 85 and asphalt, 79.

If anyone would care to place these relative capacities in a frame similar to that of the accompanying table, they may readily see the various bottlenecks, making for serious limitations in any marked program of productive stimulation. However, with this full knowledge that such a thing would be impossible, we will deliberately ignore these bottlenecks and assume that an average 100 per cent capacity could be attained in bringing to its fulfillment the brain-trust-technocratic-abundance concept.

If we are to make up our shortage of 5,000,000 homes, and bestow the blessing of a $5,000 income annually to almost "everyone" in America, and further not be niggardly and at least allow a bath-room in every home, town and country, a telephone in every home, a radio, a motor car for every family, and surface all our highways into the bargain, while in the meantime keeping up our plant equipment as a guarantee against falling back into the dark ages of 1928 and 1929, then the total material requirements would be as follows:

	Total number of tons consumption		Total number of tons consumption
Iron and steel	26,880,000,000	Cement	28,800,000,000
Copper	960,000,000	Paint	2,100,000,000
Lead	224,000,000	Rubber	157,200,000
Zinc	560,000,000	Coal	557,280,000,000
Nickel	43,560,000	Petroleum ..	76,800,000,000
Tin	96,000,000	Asphalt	47,850,000,000
Glass	448,000,000		
Lumber	2,160,000,000,000	Total, tons..	2,902,198,760,000

Yes, that is what it will take to make all these promises of our "multiplication of wealth" mean anything. But—there seems to have been one simple thing thus far left out of account. From whence is all this mighty flow of physical materials to come? Are the resources of America and of the world utterly inexhaustible?

Here is a large order. It requires almost 3 trillion—three-thousand billion tons—of iron, steel, copper, lead, clay and lumber. An amount 10 times greater than the total known reserves now existing within the borders of the Continental United States; an amount almost equal to the entire total resources of the world.

Do our present planners and lavish promisers expect the balance of the world in a sudden burst of generosity to supply us with this "abundance"? And what, may we ask, are we going to exchange for it if they could and would do so? Are we to be told by these same planners

(*Continued on page* 63)

DISTRIBUTION OF MATERIALS CONSUMPTION BY MAJOR CATEGORIES, 1929

(In thousands of tons of 2,000 lbs.)

	Building	Railroads	Motor Cars	Machinery	Telephone	Electricity	Manufacturing	Total	Capacity
Iron and steel ..	4,783	8,389	5,152	7,372	12	869	7,213	33,794	35,000
Copper	182	10	102	86	164	394	220	1,159	1,542
Lead	55	4	160	55	106	416	175	972	850
Zinc	180	..	33	216	18	21	160	628	700
Nickel	15	5	6	3	4	5	14	52	0
Tin	73	1	12	2	1	2	17	109	0
Glass	395	3	91	..	..	..	86	574	968
Lumber	141,702	12,957	1,417	114	9,164	3,751	95,895	265,002	367,188
Cement	27,164	2,162	..	192	1,181	342	1,990	33,031	48,306
Paint	1,924	49	58	12	46	27	329	2,446	3,350
Rubber	14	6	344	6	9	10	26	417	0
Coal	1,710	134,087	465	5,762	9,110	44,937	467,171	663,243	852,000
Petroleum	5,974	16,038	56,520	596	314	1,162	15,857	96,462	113,136
Asphalt	4,987	46	..	..	..	19	475	5,528	3,164
Total	189,160	173,760	64,361	14,419	20,131	51,957	589,632	1,103,422	1,321,295

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Men of College Dollars

In terms of capital investment alone, higher education is one of America's largest businesses. This New Outlook group personal-graph examines some of the problems and the men who direct American college finance.

by William E. Berchtold

COLLEGES and universities once reserved their presidencies for divines and pedagogues; today the college president is selected as much for his business acumen as for his cultural and scholarly achievements. Where college presidents are lacking in business attributes, Financial Vice-Presidents, Treasurers, Comptrollers and other financial officers may be found taking a dominant part in each institution's affairs, for higher education has become a tremendously big business within the last quarter century, crowding most of its physical growth into the Golden Decade of the '20's. America's capital investment in higher education is greater than its capital investment in the telephone and telegraph industry, and three-fourths as large as its investment in the textile industry, or the iron and steel industry.

Property owned by the nation's 1,078 institutions of higher learning is valued at $3,280,054,000, which represents an increase of 172 per cent in a single decade. Their libraries are stocked with 44,396,000 volumes; their dormitory facilities alone are valued at $198,369,000; and their annual expenditures for operation and new construction top the half billion dollar mark. Although the universities and colleges were slow to admit that they constitute such a gigantic "industry" and to employ business and financial management commensurate with the task, the very size of the undertaking has forced such recognition within the last decade and particularly during the last four trying years of depression.

The New Deal is filled with implications for higher education, implications which may force revolutionary changes in college financing, if not a drastic realignment of the system of higher education itself. The great majority of our colleges and universities have been founded on the gifts and bequests growing out of the great fortunes built up by the men once called "pioneers" and "empire builders" and now more popularly and contemptuously referred to as the "robber barons." The "Sound Old Bankers" of the last decade have come to be called merely by their alphabetical initials, in keeping with the abracadabra of the New Deal; and so the colleges and universities—at least, the eight out of every ten that are privately controlled—face a new set of conditions. Gifts and bequests are diminishing in size and number, and the prospects of heavier and heavier taxation on great fortunes provide little hope that gifts will ever reach their former size again. The taxed tycoon is quick to suggest that the State which taxes him provide for the agencies which he once took personal satisfaction in supporting from his unspendable fortune. State financing of higher education, now amounting to less than $20,000,000 from the Federal Government and about $100,000,000 from states and cities, would mean a new burden on already emptied or emptying treasuries. The 832 privately controlled universities and colleges now save the public treasuries of the forty-eight states at least $335,000,000 annually. Publicly controlled colleges and universities, numbering 246, have grown rapidly during the last quarter century, but they could not possibly absorb the students in the 832 private institutions, even if such a change could be accomplished without sacrificing research programs or leaving capable teachers stranded.

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The Depression, which did not hit the academic world until the year 1930-31, has struck a severer blow at publicly supported institutions than at those which are privately endowed. Eight out of ten colleges experienced the effects of reduced revenues during the last academic year, with about 30 per cent less income available for operating and capital expenditures than in 1929-30. Public institutions' income averaged 38 per cent less, while private colleges and universities were in a better position with a 20 per cent average reduction. This indicates that, despite diminished gifts and a lower yield on endowment investments, the private colleges, founded on the benefactions of the vanishing multi-millionaire, have been less seriously disrupted than the state supported institutions at the mercy of gyrating tax returns.

Business and financial practices of universities and colleges have undergone vast changes during the last two decades. While the responsibility of trusteeship of the hundreds of endowed institutions is as much cultural as financial, the magnitude of the financial operations connected with these endowments has assumed huge proportions. The trusteeship of American universities is equal to that of one-third the savings deposits in all mutual savings banks in the United States. Obviously it has become necessary to employ the most expert financial brains to secure the principal and income from $1,225,558,000 in productive funds held by private colleges, and $122,117,000 held by public institutions. These investments yielded $67,370,057 in 1929-30, which together with private benefactions of $139,508,922, helped to meet the nation's half billion dollar budget for higher education that year. The appropriations of the Federal, State and city governments were far less.

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If you could look into the collective portfolio of America's universities and colleges, you would find 50 per cent of their endowments invested in bonds, 14 per cent in mortgages, 13 per cent in real property, 10 per cent in common stocks, 8 per cent in preferred stocks and a scattering in other fields. The investments include 24 per cent in public utilities, 18 per cent in railroads, 17 per cent in industrials, 27 per cent in real estate, 7 per cent in government bonds; so that America's higher educational institutions have an important stake in the present economy of the nation. These distributions of invested endowment were discovered by Wood Struthers & Company in an extensive study of representative major universities.

The unwritten clause in every university president's contract today provides that he shall be a good campaigner for funds from the state legislature, if he is president of a public institution; or if he is president of a privately endowed institution that he shall perform in society with a capital-S and be an effective persuader of wealth. But campaign methods have changed in the last two decades. The annual campaign for funds from the state legislature is now as carefully planned and organized, with effective publicity for public support, as any political campaign. The campaigns for endowed institutions are now more generally placed in the hands of professional fund raisers, such as the John Price Jones Corporation (which raised $108,851,109 for 34 colleges during the Golden Decade) and the firm of Tamblyn and Brown, which rounded up $75,000,000 for its college clients during the same period. The professional fund raiser is often kept in the background, but the effectiveness of his organization and directed publicity have proved the difference between quotas reached and unfulfilled endowment campaigns. The colleges are fast throwing off their inhibitions to utilizing the business and financial methods employed by other big businesses.

Back of each college and university enterprise stands a man or a group of men who are responsible for the financial stability of the institution. It may be the President, a Financial Vice-President, a Treasurer, a Comptroller, a Chairman of the Trustees' Finance Committee, a business-trained trustee or an alumnus with a genius for finance. We propose to leaf through the album of their animated portraits and pause to appraise the achievements of those in a score of universities and colleges selected to give a key to the many-sided picture of business and finance in our institutions of higher education. These are the Men of College Finance:

JOHN WILBER LOWES (*Harvard University*). As the first to bear the new Harvard title of Financial Vice-President, he symbolizes a concession on the part of America's oldest institution of higher learning to the business and financial forces which have come to play such a vital part in our colleges and universities. The appointment of James Bryant Conant, simple, unimpressive expert in organic chemistry, as the twenty-fifth president of the most heavily endowed of all American universities was none too warmly received by the academic aristocrats who think of the Harvard presidency in terms of the blue-blooded, scholarly administrators who previously occupied the office. Conant, who prepared for Harvard in an ordinary high school and had neither an inordinate share of worldly goods nor old New England lineage to recommend him, represents a very definite break in Harvard tradition, a tradition extending through a very long and distinguished line of presidents from the first, Henry Dunster (1640), to the twenty-fourth, Abbott Russell Lowell. But Harvard faced the possibilities of a far more severe break with tradition than President Conant represents; it was being urged from several quarters to choose an outstanding business man, a financier, a captain of industry as chief executive. For Harvard, beneath its scholarly achievements, is a tremendously big business, with its $128,520,500 worth of investments to manage, its annual expenditures of $14,000,000, and its $40,000,000 capital investment in land, buildings and equipment. Its tens of millions might never have made it a great university, but without them its greatest successes would still be little more than embryonic ideas. Conant, acceptable neither to those who would have preferred a financial genius, nor to those who would have selected a worthy representative of New England's aristocracy, is attractive to the widening circle of potential benefactors who worship science as their earlier (and less affluent) brethren placed faith in religious life.

Three years after his graduation from Harvard in 1919, Financial Vice-President Lowes spent two years in the Bursar's office at Harvard, then served three years as Business Manager of Radcliffe College before becoming its Treasurer, finally returning to Harvard in 1929 as Deputy Treasurer and Financial Assistant to President Lowell. He now has the active assistance of a corps of new aides versed in modern investment, budgetary and accounting practices, and the friendly advice of Charles Francis Adams, Harvard '88, former Secretary of the Navy and for 35 years a key man in the sound management of Harvard's finances. Now President of the Harvard Alumni Association, a position first held by John Quincy Adams in 1789, Charles Francis Adams was Harvard Treasurer from 1898 to 1929, and as an Overseer and member of the Harvard Corporation has lived to see his policies, once called "excessively conservative" during the Booming '20's, completely justified. Even in the depression-year 1931, Harvard's endowment produced an income of $5,758,817.

When President Conant installed himself in the University Hall office occupied for sixty-four years by Charles William Eliot and Abbott Russell Lowell, he inherited a Harvard with a balanced budget, a vigorous tutorial system, an endowment which had been increased 108 per cent in ten years, a faculty of unquestioned merit, and a completely evolved "House Plan" which has served to consolidate a once scattered, disintegrated and indifferent college. It is not likely that the new president will be able to revolutionize Harvard as his two immediate predecessors did, nor is it likely that he entertains ideas in any such direction. He may never have a Harkness waiting in his outer office, as President Lowell once did, with an offer of an eight-figure fortune to remake Harvard on some new plan; nor is he likely to double Harvard's nine-figure endowment within the next ten years; but he has already expressed his desire to see Harvard as a truly national university. Harvard has long had a sprinkling of students from all parts of the country, but it has remained largely provincial; nearly fifty per cent of its alumni came from and still live in New England. To President Conant, "able scholars and investigators are rare. No one can predict in what locality they may be

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found or into what family they may be born. . . . The privately endowed institutions, if they are to play their part as national universities, must be careful to have their share of the most promising youths of the entire country." He has launched in pursuit of his ideal by offering six scholarships to freshmen entering Harvard this fall from Ohio, Illinois, Indiana, Wisconsin, Minnesota and Michigan. Selected from more than 200 applicants, 105 of them ranking scholars in their schools, the six young men will enjoy the richest scholarships ever offered freshmen: $1,000 for their first year and an increased amount for their succeeding three years, if real ability is demonstrated.

That Harvard is still a leading choice of affluent benefactors is demonstrated by President Conant's announcement of $2,601,469.67 in gifts and legacies during his first year in office, despite the 1933-34 low ebb in educational philanthropy. Harvard, the very flower of American capitalism, is extraordinarily dependent upon the economic system which created it and to which it has supplied gentility and leadership; its future—at least, as a private institution—is inextricably tied up with maintenance of the profit motive, which spurred the accumulation of the great fortunes which have been its life-blood.

GEORGE PARMLY DAY (*Yale University*). The title of Treasurer, which he bears, is far too confining to encompass the influence which George Parmly Day has impressed upon Yale affairs during the last quarter century. He typifies the Yale alumni mind; and the alumni in effect run Yale. No university has a body of alumni more loyal or better organized than Yale, and Treasurer Day has played no small part in their organization. As a persuader of wealth, he has few equals. As a juggler of budgets, he can wring tears and dollars out of loyal Yale men. All of which help to account for Yale's $95,000,000 endowment, second only to Harvard's; for Yale's well organized alumni fund; for Yale's attraction of Sterling, Harkness and Whitney millions; for Yale's neo-Gothic architecture, and many other things which Yale has.

Graduated with the Class of '97, in which Edward Stephen Harkness also was a member, Day gave up notions of studying law or of following his grandfather, Benjamin H. Day, founder of the *"New York Sun,"* into journalism, and went to work in his father's brokerage office in Wall Street. His loyalty to Yale prompted his founding of the Yale University Press and drew him into an active place in the Yale Corporation, the university's board of trustees. He gave up stockbrokering completely in 1910 and went to New Haven as Treasurer, planning to spend five years in office as his two predecessors had done. Wearing the same type of high choker collar in vogue at the time he assumed the office, he is now entering his twenty-fifth year at Yale and the collar appropriately sets off his starched dignity and lean, hungry-looking form.

Three years after Day became Treasurer, Yale had an endowment of only $14,878,946; ten years later it had been stepped up to $35,764,883; and at the end of another decade, in 1933, it stood at $95,574,696. The largest sum ever raised by a university in a single campaign, $20,993,918, was added to the total endowment in 1926. Day employed Tamblyn and Brown, professional fund raisers, to organize and direct the campaign, although few Yale men contributing to the Endowment Fund were aware that John Crosby Brown, Yale '15, and his professional publicity and fund raising staff were doing the work. Following a year's preparation of presentations and publicity, 3,000 chairmen and workers were mobilized in every state, county and town where more than five Yale men lived and a whirlwind campaign was climaxed in a round-the-world radio hook-up which linked 15,000 Yale men attending 160 dinners in all parts of the United States, in London, Paris, Rome, the Hague, Yokohama, Manila and Honolulu. The cost of that campaign, amounting to two and one-half per cent of the $21,000,000 pledged, was paid by Harkness at its conclusion, in addition to a seven-figure gift to the Endowment Fund itself. Day, through persistent effort, has collected $18,160,153 out of the $21,000,000 pledged, something of a record in itself. What is more, the intensive Endowment Fund campaign did not supersede or slow down annual contributions to the Alumni University Fund founded in 1890, which provides Yale with an income of from $300,000 to $500,000 each year to aid in balancing its budget.

To the world at large, the Yale of 1934 is typified by its $60,000,000 worth of new Gothic buildings and its "College Plan" of undergraduate life, the gifts of Day's classmate, Harkness; of John W. Sterling, Yale '64; and heirs of the late Payne Whitney. Yale turned from the Georgian architecture in which it was founded to the neo-Gothic of today when Treasurer Day directed the drawing up of sketches and plans for the consideration of Sterling's trustees shortly after the lawyer's death in 1918. Sterling's fortune of $20,000,000, built up through his law practice in defending Jay Gould, Jim Fiske and other "robber barons" of the day, was more than doubled through careful investment after his death, so that Yale has expended more than $40,000,000 from the original bequest. But Yale came close to losing Harkness' major gift, a gift which has not only lifted Yale's architectural face but revolutionized its undergraduate life by supplanting class loyalty with "college" or "house" loyalty.

With Charles Seymour, present Provost of Yale, Day evolved a proposal which he felt would gain the attention of Millionaire Classmate Harkness; it imitated the architectural features of the system at Oxford and Cambridge, sought to preserve the ideal of the small class which increasing enrollments was fast eliminating, and added all the luxuries and comforts of a finely appointed club. When Day's dickerings with Samuel H. Fisher, Yale '89, then manager of the Harkness philanthropies, had kindled an appropriate interest in Loyal Yale Alumnus Harkness, President James Rowland Angell was told of the plan. No Yale alumnus, and more interested in Yale's graduate schools than in its undergraduate life, President Angell delayed acceptance of the Harkness offer, appointed a committee to consider it, let the offer of an eight-figure fortune slip carelessly through his fingers. Harkness, disappointed in his alma mater, went to Cambridge and made the same offer to President Lowell of Harvard, who accepted with alacrity. That was the beginning of Harvard's "House Plan" and, indirectly, of Yale's "College Plan," for the dumbfounded Elis—always ready to ape Harvard—reopened negotiations with Alumnus Harkness in a diplomatic exchange of tactful notes which proved fruitful. Treasurer Day was happy.

The annual report of Yale's Treasurer, probably the most complete and readable issued by any university, always emphasizes Yale's precarious de-

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pendence upon special gifts and contributions to the Alumni University Fund, despite the outward affluence of the New Haven institution. Treasurer Day showed an operating deficit of $278,096 at the end of 1932 and balanced his 1933 budget only with the aid of an appropriation from the Contingency Reserve Fund and a gift from the Alumni Fund. Yale's expenditures of $7,152,110 in 1931-32 were pared to $6,768,751 in 1932-33 to meet the exigencies of a sharp drop in income from investment of endowment funds.

Yale's $70,000,000 investment in stocks and bonds is watched not only by Day, but by the Yale Corporation's Finance Committee headed by Mortimer Norton Buckner, Yale '95, president of the New York Trust Company. The yield on its bonds dropped from 5.11 per cent in 1931-32 to 4.88 per cent in 1932-33; its income from stocks fell from 4.30 per cent in 1932 to 3.35 per cent in 1933. The average yield on all Yale investments decreased from 4.46 per cent in 1932 to 3.84 per cent in 1933, which as we shall see is a lower rate of return than that of some other endowed institutions, Princeton for instance. Yale's average yield on its invested funds has fallen from 5.30 per cent in 1923 to 3.84 per cent in 1933, not even 1929's return of 5.22 per cent equaling that of 1923. Like most endowed institutions, Yale may find it necessary to curtail its academic program if there should be any further recession in the investment field, although the size of its endowment and its annual gifts from alumni have thus far forestalled severe cuts in its budget.

G. C. WINTRINGER (*Princeton University*). The affable Controller of Princeton, himself a member of the illustrious Class of '94 whose affluence is best indicated by its ability to finance a reunion of the entire class at Princeton each year, has a wide and invaluable acquaintance among Princeton alumni. Formerly superintendent of grounds and buildings, he is a capable administrator but no financial genius. Princeton's $27,900,000 investment of endowment and trust funds is actively handled by Myles F. Connors with the able advice and approval of the Trustees' Investment Committee headed by Henry Cochran, Princeton '00, president of the Bankers Trust Company of New York. Connors's office is not on Princeton's beautiful campus but high in a towering Wall Street skyscraper, with no distinguishing mark to identify it with Princeton. His very active handling of securities, usually requiring weekly meetings of the Cochran committee, has been a major factor in maintaining the security of principal and income on Princeton's investments. Sales of securities in 1932-33 amounted to $5,338,202 and in 1933-34 to $4,673,611 as Connors sought to purchase more attractive issues. The result is reflected in the 4.49 per cent yield on Princeton's investments in 1933 as compared with Yale's 3.84 per cent return in the same year. In common with other endowed institutions, Princeton's average rate of return on its investments has dropped from 4.9 per cent in 1930-31 to 4.4 per cent in 1933-34, although this fall has been less precipitous than that generally experienced. On June 30th of this year, Princeton investments of a total book value of $27,945,175 had a market value of $26,500,408.

About forty per cent of Princeton's annual operating budget of about $2,600,000 is dependent upon income from investments. The other sixty per cent is obtained principally from students' fees and partly from special gifts. Losses on student accounts, a serious item during the Depression at many universities, have been held to a minimum under the watchful eye of Gail A. Mills, Princeton's meticulous Bursar, who installed a modern accounting system soon after he assumed office in 1930 to insure a daily check on commitments and expenditures from appropriations. Princeton showed a deficit during many of the predepression years, but has managed to enter a small surplus in black each year since its new accounting system and new Bursar have been on the job. Princeton's new president, Harold Willis Dodds, took an active hand in preparation of the 1934-35 budget of $2,611,464 and has made certain that the faculty coöperates in keeping appropriations within estimated income for the year. Princeton's faculty might be expected to be naturally financial-conscious with no less than twenty millionaires on its academic staff.

FREDERICK A. GOETZE (*Columbia University*). The economy of America's only great *national* university is so inextricably tied up with land, and particularly the Manhattan plot on which Rockefeller's Radio City towers into the air, that it might seem logical to have an engineer, a former superintendent of grounds and buildings, a one-time dean of engineering, as Columbia's chief of business and finance. Treasurer Goetze is such a man; he once managed Columbia's $37,455,000 physical plant on Morningside Heights, then was Dean of the Engineering School, and for the last eighteen years has been its treasurer. Neither he, nor President Nicholas Murray Butler, can be credited with the original acquisition of the four Manhattan blocks of real estate which are the cornerstone of Columbia's economy, but both have had a hand in its profitable management.

When New York State gave Columbia the old "Botanical Garden" (the land from 47th to 51st Streets between Fifth and Sixth Avenues), in 1814, its president complainingly remarked that the plot "would not upon sale, bring more than six or seven thousand dollars." But that was in 1814; during the academic year 1932-33 Columbia received $3,236,000 for *merely renting* the land to the Rockefeller interests for their Radio City. The long term lease negotiated several years ago insures Columbia a seven-figure income *annually* on a sliding scale, with what may be left of Rockefeller Center's skyscrapers falling into its hands early in the next century. Together with the income from smaller plots in the Wall Street district, Columbia collected $3,317,597.61 from rents in 1932-33, a sum almost as large as the $3,410,388.80 which Columbia's 27,800 resident students paid in fees during the year.

President Butler's policies are directly responsible for Columbia's tremendous size, and its consequent large income from student fees. He sought to build up a national university which first emphasized size even at the sacrifice of quality, and then slowly raised Columbia's standards to achieve the ideal of quality as well as size. Since his installation as president in 1901, his oratorical powers—once ambitiously focused on the Presidency of the United States—have borne fruit for Columbia in raising its endowment to the present $71,695,000 and in bathing the university in the reflected glory of its president's international prestige.

Columbia's annual expenditures of $11,500,000 pass under the watchful eyes of Bursar Charles S. Danielson. Its $33,600,000 investment in securities is managed by the Trustees'

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Finance Committee whose cranky but capable chairman is Alfred E. Marling, board chairman of Horace S. Ely & Company, real estate brokers. Finance Chairman Marling's office in William Street is in the same building as Columbia's Treasurer Goetze, where monthly meetings are held to consider investment recommendations of the Chase National Bank, depository for Columbia's securities. Income from investments in 1932-33 amounted to $1,840,136, but rents and student fees play a more important part in Columbia's finances. While Columbia, like Harvard and Yale and Princeton, has avoided salary cuts for its teaching staff during the depression years thus far, the prospect of such cuts at Columbia is very real.

LE ROY E. KIMBALL (*New York University*). This blue-eyed, gray-haired Comptroller looks like a well-fed, well-dressed banker who has just pocketed another gold piece at a directors' meeting. It's his job to make a privately-controlled university serving 27,700 resident students, with a paltry endowment of $9,078,000, no income from state or municipal sources, and a loosely knit body of alumni with little gift-consciousness, pay its annual bills of more than $6,750,000. That he has been able to do so, with no red figures during the four depression years, is a tribute to his ingenious accounting system and his hawk-like supervision of New York University's budget. The black figures have been maintained without salary cuts or curtailment of the teaching program, but a thousand and one little economies have been effected on everything from drinking cups to travel allowances.

Maintaining an essentially pay-as-you-go policy, student fees ($5,956,000 in 1933-34) amount to 85 per cent of the total budget, with income from endowment less than four per cent of all income. Quick to investigate every mechanical bookkeeper that has appeared on the market during his two decades at the university, Comptroller Kimball had his machines geared up in tune with a new accounting system (into which four commercial systems had been consolidated) when the Depression arrived. The machines click warningly whenever an item in the budget approaches its limit. Statements, 500 of them a month, inform heads of departments, directing the faculty of 2,000, how their accounts stand. Appropriations, once made, are adhered to closely. If the chemistry department exceeds its allowance for test tubes, it either uses old bottles or chisels an additional amount from its postage appropriation.

N. Y. U. is in a better financial position today than in 1929. During the Boom Years it followed the style of planning operating deficits to use as an effective appeal for funds from alumni and friends. Since 1929 its policy has been changed to eke out a surplus, however small, as an indication of sound business management, now found to be a more effective appeal than a deficit. During the four depression years ending June 30, 1934, a surplus of $22,539 was accumulated in the expenditure of $29,591,118, more than half of which ($15,380,222) was in faculty salaries. Student fees, computed on a point system identical in amount to its competitive neighbor Columbia, brought in $25,864,843.

N. Y. U.'s new Chancellor, Harry Woodburn Chase, can be expected to direct his attention to the university's slim endowment as soon as the possibilities for success in fund raising become more certain. His record for extracting funds from an apathetic legislature during his brilliant administration as president of the University of North Carolina should testify to his diplomatic and oratorical powers, despite his dull showing at the University of Illinois before moving to New York.

RAY LYMAN WILBUR (*Stanford University*). The New Deal has been heavily laden with implications for Stanford—the Harvard of the Far West—founded on the $30,000,000 bequest of Leland Stanford as a memorial to his son. The New Dealers not only sent Stanford's most famous alumnus, Herbert Hoover, back to his Palo Alto home, perched on the side of a hill overlooking the university's mission-style buildings, but it freed President Wilbur from a place in the Hoover Cabinet to resume his academic duties. The New Deal's monetary policies have aggravated his official financial headaches, for much of Stanford's $33,772,660 endowment was invested before the World War in bonds purchased on a gold basis. Reduction of the gold content of the dollar has made possible the repayment of these bonds at the rate of $600 on each $1,000, resulting in serious losses.

Faculty salaries have been cut ten per cent, the budget pared from $2,929,700 in 1929-30 to $2,500,191 for the new year 1934-35, and an old rule limiting women students to 200 has been removed. Tuition paid by Stanford's 3,235 students in 1933-34 amounted to $1,093,787, which together with income of $1,363,100 from endowment and $190,337 in private gifts balanced the year's expenditures of $2,647,000. Stanford's budget has been balanced every year for the last sixteen years.

ROBERT G. SPROUL (*University of California*). California leads the nation in expenditures for higher education, and President Sproul directs the use of a major portion of those funds in the gigantic educational institution which he heads. Stepped up to the California presidency on July 1, 1930, Dr. Sproul had already demonstarted his ability to manage the financial and business affairs of the university as Vice-President and Comptroller. In 1929-30 he had handled expenditures of $15,253,000, of which $4,725,000 was for land, buildings and improvements. California's high point in operating expenditures, exclusive of buildings, was reached in 1931-32 with $11,074,000. That sum has been pared down to meet reductions in income until the new budget for 1934-35 calls for $9,790,000 in operating expenditures and $525,000 for capital improvements. Additions to California's magnificent $48,470,000 physical plant both at Berkeley and Los Angeles are being made only where absolutely necessary.

The University of California has more full time students (18,337; of which 6,060 are at Los Angeles) than any university in the country, although Columbia and New York University have larger bodies of resident students, thousands of whom take only part-time work. Like most state universities, California receives its major support from the state ($6,147,000 for operating expenses and $236,000 for buildings in 1933-34); but unlike the majority of state universities, California has built up an endowment of $18,290,000, which produced $660,000 in 1933-34 and might have produced more had not $3,425,000 been unproductive due to economic conditions or the nature of the investment. California's No. 1 living benefactor is San Francisco's clever financier, A. P. Giannini, although his gifts of $1,500,000 are not as large as the $2,000,000 bequest

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of the late Phoebe A. Hearst or the $1,676,000 gift of the late Edward F. Searles.

When Dr. Sproul became California's President in 1930, Luther A. Nichols, California '17, succeeded him as Comptroller, a post just one step up from the one of Assistant Comptroller which Nichols had filled from 1926 to 1930. After serving in the Air Service as lieutenant following his graduation from California in 1917, Nichols became General Manager of the Associated Students of the University of California, directing all student activities, a position which he held until he was appointed Assistant Comptroller in 1926. He now relieves Dr. Sproul of a major share of detail work on business administration, although the President's first interest in the business aspects of directing a great university has not waned. Like many another head of a state university, President Sproul's $18,000 salary has been cut 14 per cent.

J. H. KIRKLAND (*Vanderbilt University*). He might well be called "the last of the Chancellors" although a score or more universities call their chief executive by that name. Most of those who bear the title of Chancellor in American academic circles might be called more accurately Presidents, but not so Chancellor Kirkland at Nashville. He is the financial, social and academic czar of Vanderbilt, a picturesque character of national reputation. His domain is small: 1,600 students on a seventy-five acre campus with $6,000,000 in buildings and equipment; but his rule has been a dominant one among southern institutions of higher learning. With no church or state affiliations and income from tuition fees of about $400,000 annually, he must depend upon the yield on Vanderbilt's $19,000,000 endowment and private gifts to make up the remainder of his $1,400,000 annual budget, no easy task in this day of reduced income from securities and limited private giving.

PAUL C. CASSAT (*Vassar College*). While Vassar's President, Henry Noble MacCracken, was in Mexico during the summer months, Comptroller Cassat (like so many university financial officers his vacation does not start in June with that of the faculty) was busy preparing for the annual audit of accounts for the year ended June 30, 1934. Vassar's trustees had authorized expenditures of $2,235,000 for 1933-34, and Comptroller Cassat's pre-audited figures showed that $2,231,000 had been spent. During the past two years Vassar has had the largest enrollment in the history of the college, its teachers' salaries have not been cut, its staff has not been reduced, and its budget has been balanced each year. This record has been achieved despite decreased income on Vassar's $7,600,000 endowment and the prevalent decline in enrollments throughout the country. The college has pursued a dignified, effective policy of placing Vassar's advantages before prospective students whose scholarship, background and ability fit them for college work at Poughkeepsie.

ROBERT MAYNARD HUTCHINS (*University of Chicago*). As the 30-year-old "boy wonder" who had become Dean of Yale's Law School, Hutchins was made President of the University of Chicago in 1929 largely because of his exceptional faculties as a money-getter. As Secretary of Yale during the years George Parmly Day and his cohorts were rounding up their $21,000,000 endowment fund, Hutchins had proved a good campaigner. Whenever he was asked his occupation during that time, he would reply: "I'm doing oratorical work for Yale University." President Hutchins has done a great deal of "oratorical work" for the University of Chicago since 1929, but he has been left relatively free from money-getting, principally because potential donors have been relatively free of money. He has used this freedom to "transform the university from a place for teaching to a place for learning."

President Hutchins's inauguration of his "New Plan" happened to coincide with the university's severely decreased income in common with all endowed institutions. This educational reorganization reduced overlapping and duplicating of courses, which effected a saving, and permitted freeing of the regular faculty to absorb a large part of the summer quarter and downtown (University College) classes. Even bigger savings were made in reduction of plant maintenance and administrative expenses. Faculty salaries have not been cut, the staff has not been reduced, nor has the university's research program been impaired; although all three were severely endangered by sharp reduction in income and have been preserved only through use of a reserve fund accumulated for many years from surplus income. It was President Hutchins's theory that the reserve fund had been built up for a rainy day, and that the rain was coming down in torrents. He won the admiration of the faculty by insisting that salaries be protected as long as possible.

Money-wise Hutchins has an able aide in Lloyd R. Steere, Treasurer and Business Manager, whose training as a lawyer, banker and manager of a large estate fit him admirably for handling the University of Chicago's $59,475,148 endowment investments and directing its business affairs. The endowment yielded an income of $2,366,038 in 1932-33, which is only one-third of the budget expenditures. Income from tuition in 1933-34 ($2,233,955) was almost as much as the yield on endowment. Gifts, professional fees, etc., added another $1,199,000 to income, but the total budget expenditures of $6,865,879 could not have been met without drawing from the reserve fund. The budget for the new year 1934-35 calls for $7,069,960, slightly higher than last year but still almost $900,000 less than the expenditures of $7,936,680 in 1930-31. Chicago's accounting system is directed by Nathan C. Plimpton, Comptroller, whose recklessness is limited to his contract bridge at the Quadrangle Club. Comptroller Plimpton was long an associate of Trevor Arnett, former Comptroller, who wrote the "bible" of university accounting and is now President of the Rockefeller-endowed General Education Board.

The Baptist majority on Chicago's board of trustees is the only remaining string between the $35,000,000 on which the university was founded and largely developed, and its magnanimous donor, John D. Rockefeller, Sr. It was another young Yale man, the 34-year-old Harper, who went west with his pockets filled with Rockefeller's money to found the university and become its first president. The modest institution which opened in 1892 has expanded until its cloistered Gothic quadrangles extend along Chicago's Midway Plaisance from Washington to Jackson Parks, a $40,782,000 physical plant to house its more important intellectual plant. The sarcastic, supercilious, scintillating Hutchins would enrich the university's intellectual life as his primary objective, driving before him such relics of educational regimentation as characterized by the add-

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ing machine which Yale once used to decide whether its law students graduated. Hutchins has never forgotten that adding machine and the educational system it symbolizes. His "New Plan" permits students to complete a four year university course in a year and a quarter, if any have the ability and inclination to do so. His reconstruction of the university is not being achieved without building up a corps of enemies, as Hutchins himself recognizes: "Every great change in American education has been secured over the dead bodies of countless professors."

Not all of his enemies are on the Chicago Midway campus, for some alumni and faculty members of Northwestern University accuse him of cleverly attempting to engineer a merger of Northwestern with Chicago, a project which fell through—at least, temporarily—as the result of sentimental howls from both sides. Northwestern's $22,706,000 endowment and $18,000,000 physical plant in Evanston and Chicago combined with Chicago's much greater material riches would give the City of Chicago one great privately endowed institution and effect material savings by elimination of duplicated effort. With Northwestern's indebtedness already past the $4,000,000 mark and its expenditures in excess of receipts, the merger was considered advantageous by officials of Northwestern as well as Chicago who worked on the proposed plan. If depressed economic conditions continue for several years, the long suggested merger will more than likely become a reality.

HORACE S. FORD (*Massachusetts Institute of Technology*). His work does not end with being the chief financial officer of the most heavily endowed technical institution in America, for he has long acted as unofficial financial and business adviser extraordinary to thousands of students who know him affectionately as "Uncle Horace." From the bewilderment of their freshman year until graduation he is the banker who solves their financial problems, the genial landlord of the dormitories, and a friend who listens well and encourages them wisely in their undertakings. Ford, after twenty years as Bursar of M. I. T., was appointed Treasurer and a member of the Corporation this year to succeed the late Everett Morss, long a pillar of Technology's financial edifice. Morss, a member of the Class of '85, lived through the Institute's most precarious years and had a hand in selecting the site, raising necessary funds and supervising the construction of the Institute's present $15,000,000 physical plant. As President of the Alumni Association, a member of the Corporation and later Treasurer of the Institute, he was the strong man who welded together the scattered fragments of alumni loyalty, opinion and action after both faculty and alumni had been torn with bitter dissension over a proposed merger with Harvard University early in the century. M. I. T. came close to losing its identity as a distinct educational entity at that time, and the legal decision which settled the question did not of itself placate those who felt that a merger would have been advantageous. Morss became Treasurer in 1921, succeeding Francis R. Hart '89, now President of United Fruit Company and Chairman of the M. I. T. Finance Committee.

Two-thirds of Technology's present endowment ($32,000,000) was provided by the beneficent "Mr. Smith," whose anonymity hid the character of the late George Eastman, Kodak-king, for several years before it was finally revealed at a great dinner to celebrate Technology's rise to eminent financial stability. The late Richard C. Maclaurin, Technology's President from 1909 to 1920, enlisted Eastman's interest in the Institute and agreed to hide the identity of the man whose benefactions totaled $20,500,000 until he should agree to the publication of his name.

Technology's present scientist-president Karl T. Compton, consequently has been relieved of a major share of the fund-raising burden usually heaped upon the shoulders of educational institution chiefs. M. I. T. lives within its income, although yield on the endowment has decreased 10 per cent and income from tuition has dropped 20 per cent during the Depression. Its cumulative operating deficit of $29,000 after sixty-nine years of operation is not causing President Compton or Treasurer Ford any loss of sleep these days. As a precaution against possible faculty salary cuts which might be made necessary by further financial recession, M. I. T. inaugurated in 1932 a salary reserve fund which won national attention as a model plan for meeting possible financial contingencies. The salary reserve fund was set up from two sources: (1) the Professors' Fund into which faculty members pay 50 per cent of income earned for professional services to organizations outside the Institute and (2) through a deposit of all faculty salaries during each year. If no contingency arises (and none has arisen yet) the monies are distributed to those contributing at the end of the academic year.

FRANK PARKER GRAHAM (*University of North Carolina*). A professor of history who didn't want to be President, he was elected despite his protests only to find himself enmeshed by the Depression in one of the worst educational financial tangles in the country. Provided for in the State Constitution of 1776 and opened in 1795, the University of North Carolina is the oldest state university in America. It could boast little more than its age and tradition before Harry Woodburn Chase (now N. Y. U. Chancellor) began his brilliant job of transforming it into a first class university. Its entire plant is new or rebuilt since 1921, and in ten years its enrollment increased 137 per cent, its income 1,044 per cent and its staff was expanded to include a full complement of able professors. President Chase resigned in 1930 at the height of Chapel Hill's rapid rise, to become President of the University of Illinois.

The Depression hit North Carolina's state finances with double force for its bonds for road building, education and many another project fell due in the darkest hour. President Graham, a gentleman and a scholar long beloved by students at Chapel Hill, found himself at the head of a rapidly expanded institution which now had sufficient funds to support no more than the staff of a first class high school. State appropriations in 1931 provided only $721,000 toward a restricted budget of $2,359,583; since then the state's three public-supported institutions of higher education have been merged and reorganized to effect economies necessary to meet nearly a 50 per cent reduction in income. An effort has been made to supplement income from state appropriations through the Alumni Loyalty Fund, whose Director Felix A. Grisette, has a dark outlook on educational fiscal problems: "The universal shrinkage in enrollment and financial support seems to me to portend a crisis which is far more significant than any by-product of the Depression. I believe our present difficulties are indicative of a spreading

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skepticism among our constituents, college trained as well as laymen, about the values of higher education." He believes the state universities should attempt programs of private financing just as endowed institutions do, and that alumni should be expected to provide an increasing amount for support of their alma mater. The merger of the State College of Agriculture at Raleigh and the North Carolina College for Women at Greensboro to become part of the University of North Carolina prompted the Rockefeller-endowed General Education Board to grant $8,000 toward a study of the project, which might aid other states in achieving similar mergers.

SHIRLEY W. SMITH (*University of Michigan*). As Michigan's Vice-President and Secretary, he actively directs the business and financial end of the state university's administration; its expenditures which totaled $7,372,193 in 1933-34, its investment of $4,517,912 in endowment funds, and its budget which calls for $7,165,323 in 1934-35. Michigan's budget has been balanced during each depression year, despite a 20 per cent reduction in enrollment, reduced income on its small endowment, and curtailed appropriations from its principal source of income: the state. Nearly $2,000,000 has been pared from the $9,031,745 budget of 1929-30. The faculty has been reduced by sixty-five and faculty salaries have been cut on a sliding scale of 6 to 20 per cent, averaging 15 per cent. New additions to the university's $43,338,900 physical plant have been delayed awaiting better economic weather.

President A. G. Ruthven, secure in the knowledge that the state appropriation for 1934-35 will be the same as last year because the legislature meets only every two years, must turn his attention to the next biennium ahead in campaigning for funds from the legislature which meets in January, 1935. On his ability to convince the legislative committees of the university's needs in competition with other agencies depending on state funds rests the University of Michigan's program for the following two years. The President is likewise responsible for contacts with individuals for gifts for endowment and special purposes. Michigan's greatest benefactor is William B. Cook, who donated the Law Quadrangle, probably the finest in the country, together with a large endowment for legal research. The University of Michigan has a just claim to distinction among America's universities; if there is a "Harvard of the Middle West," it is Michigan.

HENRY M. WRISTON (*Lawrence College*). When Dr. Wriston went to Lawrence as its President in 1925 from Wesleyan University, Middletown, Conn., he was then the youngest college president in the country. His ability to "sell" the Appleton, Wis., college educationally at a time when many of the so-called "freshwater colleges" have been immersed in red ink, has won the hearts of trustees, affluent friends, alumni and the educational foundations with money to spend on promising projects. His formula has been to "meet the Depression head-on," and his success has been so outstanding that he is being mentioned as a potential candidate for the presidency of several larger institutions.

When a decrease from tuition was imminent in 1931, Dr. Wriston raised Lawrence's standards for admission and increased the tuition on the strength of superior facilities offered. The move won over trustees, alumni and friends of the college, who expressed their admiration in both dollars and heartier coöperation. First to offer free educational advantages to a properly qualified group of unemployed, Lawrence soon shared in an FERA grant. In line with Dr. Wriston's notions for bringing industry closer to the educational scene, Lawrence opened in 1930 an affiliated graduate school—the Institute of Paper Chemistry—financed entirely by industry through annual grants for education and research equivalent to an endowment of more than $2,000,000. Its buildings and equipment are valued at $500,000, and only one-twentieth of the student applicants for admission have been matriculated. The additions and improvements in Lawrence's physical equipment during the last six years have been greater than during any ten year period in the eighty-seven year history of the college.

The Depression brought a 15 per cent decrease in student enrollment and a 20 per cent decrease in income, but the faculty has had no "payless paydays" such as many colleges have experienced, and salary reductions have not exceeded 15 per cent. Forty-eight per cent of the students received direct aid from the college during 1933-34, a year in which expenditures totaled $437,227. The 698 students paid tuition totaling $181,816, which was nearly three times as much as the $61,897 income from Lawrence's $1,763,358 endowment. More than $700,000 of the endowment is now unproductive, making the need for income from special gifts and other enterprises particularly important.

JAMES M. SMITH (*Louisiana State University*). Higher education is booming in the domain of Kingfish Huey P. Long, and the man behind the boom is President James M. Smith, who was elected to his post in the depression-year 1930. The resourcefulness of this brown-eyed, baldish executive has assumed legendary proportions in Louisiana. If he can't get what he wants, he contrives to get something better. Apparently it all started when as a child having finished the first grade, he went to buy a second reader only to find that the store was all out of second readers. Jimmy Smith told the storekeeper that he would take a third reader and enter third grade. And he did! He has been doing things like that every month or so since he became President of L. S. U.

When additional dormitory facilities for men were needed and the cost of a new building in addition to projects already undertaken seemed prohibitive, President Smith got a state appropriation for an addition to the university stadium, building the rooms beneath the tiers of seats. When college enrollments started downward due to economic conditions, he issued a proclamation offering to accept cotton, corn, potatoes or other products in lieu of cash. Elena Percy, daughter of a prominent Louisiana family whose one-time wealth had "gone to land," rode onto the L. S. U. campus driving cattle to pay her year's expenses for 1932-33. When attendance during the biennial period 1930-32 increased from 2,391 to 3,502, President Smith obtained an added appropriation of $1,500,000 for the next biennium. Attendance figures hit 4,409 last year, an 84.4 per cent increase in four years of depression.

President Smith has worked wonders with the state legislature since he took office, no minor accomplishment in the business of running a state university which neither seeks nor has obtained gifts or endowments from private sources. When a million dollar deficit loomed large in 1932 as a $4,000,000 building program got into full swing,

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he managed to have the deficit cared for as a part of the state's bonded debt. To make the university's income more secure, he obtained a constitutional amendment in 1932 permanently allocating the state excise tax on insurance premiums to the university: an annual sum of more than $1,500,000. When the Depression reduced income from the half-mill tax on the assessed valuation of all property in the state, President Smith recently obtained an additional annual $200,000 appropriation for 1934-36. Income from the state has been doubled in four years, and a university which remained almost unknown a decade ago, despite the fact that it will celebrate its 75th anniversary next year, has sprung up as a depression phenomenon.

Things are not done by halves at Louisiana State. When Kingfish Long looked over plans for a new 170-foot swimming pool for the university, one of the officials remarked, rather proudly, that it would be the second longest university pool in the country. "Second longest?" the Kingfish barked, "How long is the longest?" One hundred seventy-five feet, he was told. Turning to the contractor, Senator Long said: "Make this one 180 feet." The plans were re-drawn and the structure now bears the name: "Huey P. Long Swimming Pool."

LLOYD MOREY (*University of Illinois*). It is quite one thing during these depression years for state universities to obtain satisfactory legislative action on adequate appropriations, and quite another to collect those funds to meet expenditures. As Comptroller of the fifth largest university in the country, Professor Morey had to wrestle with such a problem when the State of Illinois was unable to raise the revenues necessary to make its 1931-33 biennial appropriation of $11,280,000 available. He shaved $1,535,000 off operating expenses and $1,365,000 from capital expenditures to turn back $2,900,000 to the state during the biennium. Salaries were reduced on a scale ranging from 5 to 15 per cent, and the teaching staff was scaled down in numbers as well. Seventy per cent of the university's support comes from state appropriations and 16 per cent from tuition fees.

During the pre-depression years, Dr. David Kinley, president of the University of Illinois from 1919 to 1930, pushed back the corn fields to give Illinois a university commensurate with its 400 piece college band, its winning football team captained by Harold "Red" Grange, and its 130 ducal fraternity and sorority mansions. His announced policy of an "honest budget, honestly presented" won the confidence of Illinois' farmer-dominated legislature, which was as proud of Illinois' array of pseudo-Georgian buildings and winning football teams as any loyal alumnus. Dr. Kinley obtained adoption for his $12,000,000 budget in the 1929-31 biennium, which marked his last appearance before the legislature preceding retirement. The legislature had approved every budget he submitted without modification! North Carolina's Chase took up the task in 1930 and obtained legislative approval for his somewhat more modest budget of $11,280,000, only to face the fact that the state could not raise revenues to make that amount available. President Chase, a dyed-in-the-wool urbanite, never quite understood Illinois's collective farm mind, a mind which revels in spending money for education in times of prosperity, but looks upon the luxury of the state university as an unneeded frill in hard times. President Chase's state-built $125,000 mansion, with its fabulously expensive ash trays and other fittings, was a sore point with many hungry farmers. The N. Y. U. Chancellorship provided a far greater field for Urbanite Chase's talents; he accepted in 1933 and went to New York. Illinois's new president, Arthur C. Willard, is a colorless personality lacking the scholarship and brillance of Dr. Chase; whether he will come up to Dr. Kinley's standard for a president who can score with the legislature remains to be seen. There is no doubt that Comptroller Morey, whose advice has been sought by more than a dozen large universities during the Depression, will keep the university's financial machinery in order, once the appropriations become available. He has won a national reputation as an expert on institutional accounting, and has served for four years as Chairman of the National Committee on Standard Reports for Institutions of Higher Education, which has had a marked influence on the financial practices of colleges throughout the country.

THOMAS S. BAKER (*Carnegie Institute of Technology*). As president of Carnegie Tech, he directs the institution which represents the largest single investment of funds of the late Andrew Carnegie in higher education. Mr. Carnegie gave $15,000,000 to colleges and universities before he established the Carnegie Corporation in 1911, and since that time more than $23,000,000 of the $48,000,000 allotted to higher education by the Corporation has gone to the Carnegie Institute of Technology alone. The remainder has been distributed through small grants to more than 200 universities and colleges.

With a $7,700,000 physical plant built on Pittsburgh city property, Carnegie Tech lives entirely on the income from its investment of $16,565,530 in endowment funds and income from tuition. Tuition produced $684,705 in 1933-34 and income from endowment, $816,418, toward expenditures of $1,503,100. Decreased income has forced a reduction of budgets from $1,558,490 in 1929-30 to $1,425,000 for the new year 1934-35. The faculty and its salaries have been kept intact, without cuts thus far.

GLENN FRANK (*University of Wisconsin*). A liberal editor and writer who became the liberal president of the progressive University of Wisconsin, and probably set some kind of record for the number of unorthodox experiments in education, some of which have proved good and some only trying to the guinea-pig students who sought an education in this academic laboratory. That the American Council of Education ranked Wisconsin ahead of Harvard, Columbia, Yale, Michigan, Chicago and Minnesota in the *number* of fields in which it is qualified to give graduate instruction is a tribute to President Frank's efforts. The rating, made this year, qualified Wisconsin in 31 out of 35 fields, with distinguished rank in 17 fields.

Not even the Depression, which has made necessary reductions in operating expenses, staff salaries and maintenance outlays, and completely ended new construction, at Wisconsin, has dampened Dr. Frank's ardor for experimentation. Last year he started a master-apprentice system of graduate instruction, in which graduate students work as apprentices with the university's scholars in the scientific laboratory; and added a new course in classical humanities, designed to train leaders for business, finance and public service with a broader social outlook. More recently, a research institute which seeks greater industrial utilization of farm crops was established. Al-

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though salaries have been cut from 12 to 25 per cent, Dr. Frank has done remarkably well in maintaining faculty morale.

Having created a tempest in academic circles in 1925 through its regents' 9 to 6 ballot against accepting the "tainted money" of organized endowment funds such as the Rockefeller-financed General Education Board, the University of Wisconsin continues to receive its major support from state funds. Because appropriations have been scaled down, its budget has been reduced from $8,665,000 in 1929-30 to $6,552,000 for the new academic year 1934-35. President Frank will not have to plead for funds before the Wisconsin legislature until next year, since the current academic year is the second of the biennium.

JOHN L. SEATON (*Albion College*). Called the "Little Giant" by Michigan friends, Dr. Seaton is president of a typical denominational college concentrating upon liberal arts with emphasis on teaching and personal relations. Like most denominational colleges, Albion has been hard hit by the Depression. Its student body has fallen from more than 800 to less than 650; its modest endowment of $1,720,000 now yields only $45,805 with $350,000 unproductive; and its gifts and miscellaneous income for 1933-34 totaled only $59,014. Tuition of $117,833 provided the largest single source of income to meet Albion's $222,653 expenditures, exclusive of dormitories. Although faculty salaries have been cut from 4 to 10 per cent, its teaching staff has been maintained intact with only four teachers out of 51 dropped since 1929.

Unlike scores of denominational colleges, Albion's budget has been balanced for the last ten years, thanks to President Seaton. Before he went to Albion from the Board of Education of the Methodist Episcopal Church, after ten years as professor of psychology at Dakota Wesleyan University and a term as President of the College of the Pacific, Albion's trustees never saw a complete financial report or a detailed budget. President Seaton's energetic campaigning for funds tripled the size of the $507,000 physical plant which he found in 1924 and raised the endowment from $410,840 to its present $1,720,000 level. The Kresge Gymnasium at Albion is symbolic of President Seaton's attention to improvements in physical plant.

The Council of Church Boards of Education, studying the financial condition of 312 denominational colleges and universities in preparation of its "*Christian Education Handbook for* 1934" (which will be published later this year) found nearly half of the institutions had not balanced their budgets. Nearly a score of colleges have placed themselves in the precarious position of incurring indebtedness even in excess of their total endowment principal, among them: LaVerne College, California; Wesleyan College, Georgia; Indiana Central College; Buena Vista College, Iowa; Kansas Wesleyan University; Thiel College, Pennsylvania; Ursinus College, Pennsylvania; Presbyterian College, South Carolina; Cumberland University, Lambuth College and Union University, Tennessee; Texas Women's College; High Point College, North Carolina; Bluffton College, Ohio; Oklahoma Baptist University; Oklahoma City University; Beaver College and Cedar Crest College, Pennsylvania.

HAMILTON HOLT (*Rollins College*). The unacademic president of Florida's oldest college transformed it into America's newest college by his unorthodox and publicity-wise administration. He took a small college founded fifty years ago by a group of Congregational ministers, which had struggled along with an endowment the size of a pocket handkerchief, a handful of professors and a few hundred students, and made it the center of discussion in academic circles throughout the country. Seeking the ideal of great teachers at a time when research had become a fetish and teaching made secondary, he won wide attention for his Rollins Conference Plan which eliminates lectures and recitations in favor of informal conferences on palm-bordered lawns or in congenial club-like rooms. The Florida climate and the opportunity of a new educational adventure were his chief lures to prospective teachers, who were promised increased salaries when endowment funds were increased. Buildings were to remain secondary to the teaching staff in President Holt's ideal college.

With national attention achieved through his unconventional program, President Holt launched a $2,500,000 endowment fund campaign, the income to be devoted wholly to teachers' salaries. The campaign, directed by the professional fund-raising organization of Tamblyn and Brown, who in 1926 ran up Yale's endowment by $21,000,000, was started in the ill-fated year of 1929. It never reached its goal, although President Holt was pleased that $1,041,640 could be raised under the increasingly difficult economic conditions. The Rollins endowment had previously amounted to only $612,000, the college having been named for Alonzo W. Rollins in 1885 on the strength of his $50,000 gift. Had the economic hailstorm held off a few years longer, President Holt might have achieved not only his $2,500,000 endowment fund for instruction, but sufficient gifts to realize the fulfillment of his plan "for the most beautiful collection of college buildings of Mediterranean architecture in America."

With income from the present Rollins endowment amounting to only $67,000 annually under depression conditions, President Holt more recently decided to obtain "the income we need by asking students to pay for the full cost of their education." He proposes a "new deal in college financing," which he says he believes is "academically, financially and philosophically sound." Rollins has consequently adopted the "unit cost plan," which budgets the year's operating expenses on an adequate basis, then divides those expenses by the estimated enrollment, which is limited to 500. The unit cost per student, including room, board and tuition, is calculated at $1,350 for the year. Income from endowment and any special gifts are then used, not toward operating expenses, but to reduce tuition to worthy students who show they can't pay the entire cost. Thus well-to-do students pay the full cost of their education and poor students are aided by the limited income from endowment. New buildings, however, are to be financed from outside contributions and not from students' fees or endowment income.

MEN IN GENERAL

IF WE SHOULD GO on through the gallery of portraits of the several hundred other men who are responsible for the business and financial successes or failures of our universities and colleges, we should soon find that most of them would fall into classifications as types symbolized by the men and institutions selected for portrayal within the limits of this article. Because men who are energetic, colorful and successful are more interesting than men who are laggard, colorless failures, our in-

(*Continued on page* 64)

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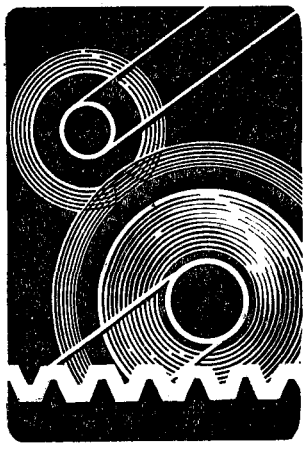
Subsidizing Stagnation

What is the real effect of pouring unlimited, often unneeded, public funds into a local economy? Mr. Hart, president of the New York State Economic Council, tells the story of what happened when pump-priming came to Smithville.

by Merwin K. Hart

BEFORE me are two estimates—both by competent authorities—of the extent of unemployment in the building trades in New York City. One shows that out of 115,000 building trade workers resident in the metropolitan area not over 10 per cent are employed in construction work, and that at least three quarters of these are engaged on public works. The second estimate places the total unemployed in this class of workers at from 10 to 20 per cent, and states that three-quarters of those working at their regular trade are employed on projects directly supported by the taxpayers. This is indeed a startling commentary upon that practice of pump-priming known as public works.

Is the underlying economic theory of pump-priming involved in PWA expenditures really working? Not if the New York City picture as presented by these two estimates are reasonably correct, and I have every reason to believe that they are. There have been two schools of thought concerning the value of expending large sums of public funds to help a nation out of a depression. One is hostile, the other is friendly. But it is a question if even the critical, which like the friendly one, proceeds largely on economic theory, appreciates what may be the eventual result of unlimited public works expenditures when studied through the microscope of a single, local economic unit—a village, a town, a city, or a county. Few of the theorists have bothered to examine the havoc which can be caused by the impact of 'unlimited' sums of Federal money when loosed upon such a local economy. Few, also, I believe, have stopped to wonder whether there might not be such an eventuality as a perfect pump-priming operation functioning indefinitely in a sort of economic vacuum, functioning with such generosity as to be wholly without any economic therapeutic value whatever.



Let us take, for the purposes of such an examination an actual village which we will call Smithville and study it as a microcosm of the effect of Uncle Sam's seemingly well-intentioned plan of orgiastic spending as an economic cure-all.

Two things have happened at Smithville in the last eight months. That is news, because Smithville is one of those average small towns where things don't ordinarily happen. Two of Smithville's three small manufacturing plants are working four days a week; one is shut down. A good many persons are "on relief." Mechanics' wages, when they get wages, are sixty to eighty cents an hour. Common labor receives twenty-five cents an hour.

Near the village is one of the State's historic sites, which, in the golden '20's, was purchased by the State to produce a shrine, and which was turned over to a distinguished, non-salary-drawing commission. The State allotted $2,500 a year for expenses; in 1932 this was cut to $2,000. With this sum the commission managed to get along, largely because the non-paid chairman did most of the work himself.

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One day last December pump-priming came to Smithville. The chairman received a visit from a representative of CWA, who informed him that his commission must spend $10,000 on the property in the ensuing ten weeks!

"It can't be done," gasped the startled chairman.

"Oh, yes, it can," said his visitor. "Put twenty men to work widening the roads."

"But, we don't want the roads widened—the wider they are the more it will cost to maintain them."

"Well," said the caller, "put some gravel on the road."

"But the roads don't need any gravel; they are in good shape right now."

"Then put a force of men to work clearing out the woods."

"But no one ever goes to the woods."

"Well, never mind," said the visitor becoming irritated, "you've got to spend $10,000 in the next ten weeks."

Moreover, under CWA regulation, the men were to draw fifty cents an hour. It did no good to argue that the prevailing rate around Smithville for such work was twenty-five cents.

Thus CWA attacked its part of the pump-priming job. It is no wonder that after CWA was through, a wail of indignation went through the ranks of those who had been on its "payrolls." In the process some $300,000,000 or $400,000,000 of borrowed money had been successfully gotten rid of by the Government. And also in the process workers were led to believe that they were entitled under all circumstances to not less than fifty cents an hour; and that the government owed them the duty of supplying them

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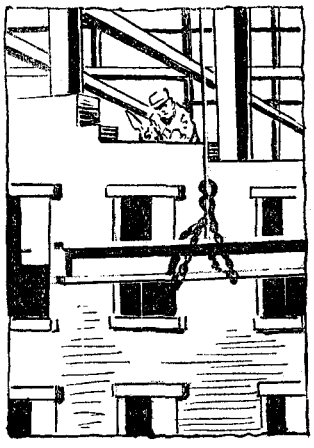

with work at this price.

Meanwhile, private employment in the Smithville section continued to lag.

Then another incident happened near Smithville. It seems PWA has been urging rural communities the country over to borrow money to build schools. There seems to be a preference for central schools—that is, schools which are consolidations of a number of smaller school districts. Some of the school folks in and near Smithville had looked with envious eyes on certain big schools in other sections of the State. Here, they thought, was Smithville's chance to get up on a level with Jonesville. PWA was actually offering to pay 30 per cent of the cost of any construction project. Smithville simply could not afford to pass up this one.

So the school folks, or some of them—here and there a teacher, a principal, a district superintendent—began to talk the thing up. The State Department of Education lent a ready hand.

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The matter was written about in the local newspapers. Even many of the merchants were for it, since the Government was going to pay so much of the cost anyway. A school official was prevailed upon to address the Smithville Kiwanis Club. The matter came before the qualified voters of all the school districts which it was proposed to consolidate, at a special election. To the surprise of the school crowd, it was beaten three to one.

Evidently the qualified voters did not know what was good for them. They talked about high taxes, and the fads and fancies likely to be found in modern school buildings. They complained that that section of the country as a whole was poor; that there had been many tax sales and foreclosures.

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But the promoters of this central school got busy again. A house-to-house canvass was made of the voters. It was pointed out that not only would 30 per cent of the cost of the project come from the Federal Government, but that the State Government would contribute 25 per cent of the balance. Also, they explained, after consolidation there would be double "State Aid," compared with the single "State Aid" which the various separate school districts had enjoyed; that is, the State would give annually to the newly-set-up central district the regular State aid which the law provides for a central school and, in addition, the same aggregate "State Aid" which all of the several local schools would have received if they had remained decentralized. By this time the high pressure salesmen had pretty nearly satisfied many of these voters that they were going to get this new school for little or nothing. And a couple of months after the first election, another election was called and held. This time the project was beaten by only about fifteen votes!

Nothing daunted, the public officials went to work a third time. Officials of this kind are never beaten—not when they are on the public pay-roll. Practically every voter in the district was carefully canvassed. Feeling ran high. The third election was held a few weeks later and resulted in the carrying of the project by fifty to sixty votes—nearly four-fifths of all the qualified voters in the district attending and voting. Spending, on what was for this section of the country the grand scale, had carried the day. Officialdom had won out.

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But what these public officials probably did not explain to all the voters was that the 30 per cent supposed to be contributed by the Federal Government *was just about offset by artificially imposed increased costs.* They did not tell them that when PWA was set up last year, the impression was given out by Government officials that the 30 per cent which the Federal Government was to contribute would be a gift from the Federal Government; that the locality in which the particular public work was to be constructed would thus get it at 30 per cent below the ordinary cost. They probably did not explain that, as a matter of fact, at the very start, Chairman Ickes, of PWA, sat down with Federation of Labor leaders and agreed with them as to wage levels and various restrictions, which added just about 30 per cent to the cost of every project to be carried on. Subsequent to that, Colonel Waite, Deputy Administrator of PWA, announced that the 30 per cent gift was really intended to offset the 30 per cent increase in cost—nothing more!

Nor was it probably explained by these same officials that the 25 per cent to be contributed by the State to the building of the central school was not picked out of the sky, but had to be raised by the State by taxation; and that the money required to pay the double State aid had to be raised in the same manner; and that, in the last analysis, they—the high-pressured taxpayers—would pay for it.

Nor was it explained generally to the taxpayers that, although mechanics in the Smithville neighborhood are glad to work for sixty to eighty cents an hour, and common labor for twenty-five cents, yet, under PWA, mechanics had to be paid one dollar and twenty cents an hour, and common labor fifty cents.

In a short time another evil began to appear. The prospect of these high wages tended to make men less willing to work on private jobs.

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Where will the money come from to pay for this school? It will be borrowed. The Federal Government will borrow its 30 per cent. The remainder of the total cost will be "borrowed" by the sale of bonds of the central district—and, as the bonds mature, the State will redeem one-quarter of them. In the last analysis the taxpayers will pay the cost—the same taxpayers who pay other taxes—the thrifty self-reliant people on whom the whole country is leaning in these difficult times.

The above incident, based on actual fact, illustrates the workings of PWA. A huge Government bond-issue for public works has been the dream of many a professor, of many a politician. President Hoover increased the amount authorized for public works from about $260,000,000 in 1930 to about $780,000,000 in 1931. By this time he became convinced that expanding public works was an uneconomic method of relieving unemployment. The English Government apparently rest their present policy on the same conclusion; for in 1933 Walter Runciman, of the

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Cabinet, announced that England would not further enlarge its program of public works.

Dean Wallace B. Donham, in his book *"Business Adrift,"* published in 1931, advocated a large extension of public works in time of depression, but recommended that the wages paid be much less than regular wages—his idea being that it was in the public interest that labor on emergency public work should not be too highly paid. He wanted the workers on this made-work to be tempted back to private employment at the earliest possible date. But the Roosevelt Administration adopted a huge plan of public works expansion as a cardinal point in the New Deal. The amount finally fixed upon was $3,300,000,000. That was increased by the last session of Congress by about $400,000,000 more.

It is not too much to say that while, of course, those actually employed on these public works have had money distributed to them which they in turn have spent, yet, in the way the plan has worked out, the effect of the huge appropriation has been *actually to subsidize continued stagnation in the construction industry.*

The Government turned quickly away from PWA last December because public works were not being started fast enough; and spent some $300,000,000 on CWA. This was a surer, quicker way of getting rid of the taxpayers' money—getting money in circulation, the Government called it. In the spring of 1934 there was a return with renewed energy and determination to PWA. At the present time, the whole $3,700,000,000 has been allocated, though much less than half has so far actually been spent.

Pump-priming in Smithville has not been much different from pump-priming in New York City and other large places. Under the rules of PWA, wages are fixed at not less than $1.20 for mechanics ($1.10 in the central section of the country and $1.00 in the South), and fifty cents an hour for common labor. But if in any city an agreement between unions and contractors, made prior to April 30, 1933, fixed wages at any higher level than that, the higher level prevails.

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In New York City, building trades workers fall into three classes, called, A, B and C. *Class A* consists of those where either there is an especial hazard involved, a high degree of skill is required, or where the work is particularly seasonal; and includes such trades as ironworkers and bricklayers. The top wage reached for workers in these trades in the past fifteen years was $1.92½ per hour. The official union rate is today $1.65. *Class B* includes those trades where the work is in general inside work and, consequently, less seasonal. This includes carpenters, electrical workers, steam fitters, etc. Here the highest wage reached in the last few years was $1.65 per hour. The official wage today is $1.40. *Class C* consists of helpers, laborers, etc. The former top wage was 80c to $1.10 per hour; the official wage today is 75c to 90c.

Now while the official wages are, and for some time past have been, as just stated, yet prior to the advent of PWA, a considerable amount of private construction work had been done at far less wages. The fact that not over 10 to 20 per cent of all the building trades workers of the New York area have been employed for a long time, makes it easy to understand why the workers were willing to take a lower wage (frequently, as little as half the regular wage) if they could find work.

But with the coming of PWA a year ago, this practice of doing private work at reduced wages, tended to change. All, or nearly all, PWA work, including all local work done with the help of PWA funds, has these wage rates ($1.65 per hour for *Class A,* $1.40 for *Class B,* 75c to 90c for *Class C*) written into the specifications.

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PWA rules also require that a week's work for any worker is thirty hours. It is conservatively estimated that the PWA regulations raised the cost of public works built by the aid of PWA funds, by at least 30 per cent above what the work would otherwise cost.

But there has been another effect—indeed it may be said to be part of the purpose of the labor barons who are the authors of the idea of public works at high wages. Since PWA came into existence it has been increasingly difficult to find union workers for any private work at wages less than the PWA wages. In other words, the effect of PWA is to peg the cost of both public and private work.

The effect on public work is, of course, to require much more money to construct any particular public work. The effect on private construction has been, if anything, more disastrous—it has practically brought private construction and repair to a standstill. We have thrown a huge monkey wrench into the machinery of the very pump we were trying to prime.

Several municipalities, whose credit remains good, are said to have declined to use PWA funds, finding that, even without the 30 per cent donation from the Federal Government, they could do the job as cheaply, if not more cheaply, themselves.

Since PWA pump-priming has so far failed, the Administration now comes in with its home repair project, under the National Housing Act. The New Dealers have looked about them and observed that there is much home repair work to be done and new homes to be built. So NHA has made its bow to the public—the National Housing Administration. I need go no further into this new alphabetical agency than to say that the chief reason that brings it into existence is the mistaken assumption that people will not build and will not repair because existing financial institutions will not loan the money. It may be indeed that many of them will not loan the money under present conditions. In passing, it might be said that the very making of such improvident loans as most of these loans would prove to be, was one of the contributing factors that led to the disastrous crash of 1929—and for which the Government has been unsparing in its criticism of bankers.

The real reason why private individuals are not repairing their homes or building new ones, is that they either cannot or will not pay the price fixed by the professional labor crowd. If the Federal Administration were not so wedded to professionally organized labor that it cannot see this, it is likely that the whole elaborate scheme of the National Housing Act would be totally unnecessary. The

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same old monkey wrench is defeating recovery in the private construction field.

Glance the country over and you find it dotted with PWA projects, some of enormous magnitude. On all of these the Government is shelling out money with an almost drunken hand. Yet on some of these very projects, as for instance, the San Francisco Bridge, the 38th Street Tunnel in New York and many others, we find that under the influence of this same professional labor crowd—this strange partner of the Federal Administration—there are or have been strikes. In other words, it comes down to this: the taxpayer is mulcted to put up money to be spent lavishly on public works, whether needed or not needed. The effect is to subsidize continued stagnation in the private construction industry. The picture is completed by the calling of strikes. There is strong probability that many of these striking workers are today drawing public unemployment relief.

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The great core of the Depression is the inescapable fact of several millions of unemployed. To get them back at private employment would be to end the Depression. To bring this about the administration is spending billions. Yet at one and the same time the same Administration is permitting—yes, by its policies, is aiding and abetting—strikes on every hand.

As this is written, the first area agreement under the National Housing Act has been signed by the President. It applies to New York and fixes the wages of workers in the *Class A* trades (Bricklayers, etc.) at $1.50 per hour. This is a reduction of 15 cents per hour from today's official union wage.

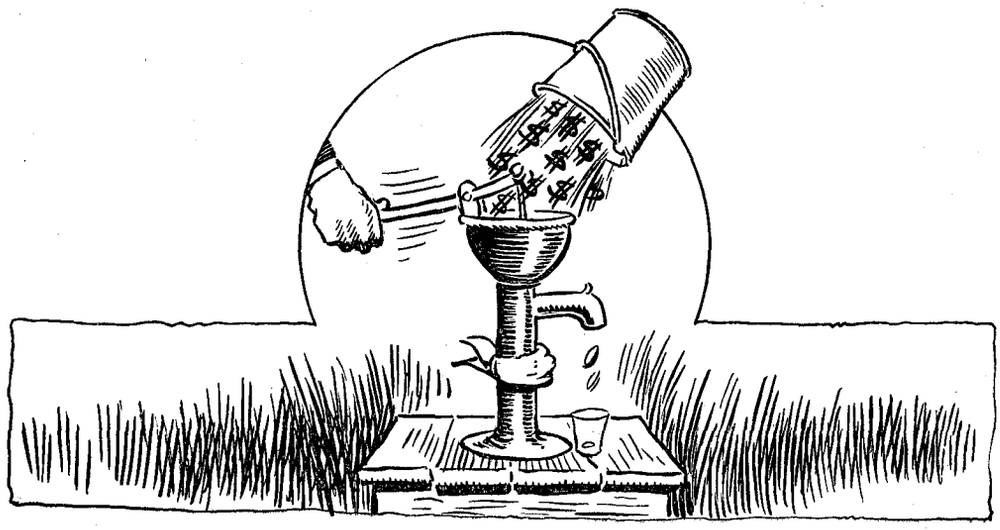
But I am told that the chief importance of this area agreement is that it applies to private construction. It is to be unlawful to hire a worker of the type mentioned for less than $1.50 per hour. The Government is to guarantee loans up to 80 per cent of the cost of private construction—based on these new rates.

In the past year or so there has been considerable private real estate developed in New York City and its suburbs. Carpenters, electricians and other inside workers have been glad to work for five dollars a day, and bricklayers and masons for six and seven. There can be no more work of this kind at such wages; which is the same as saying there will be no more work of this kind—unless the Government (that is the taxpayers) guarantees ultimate payment.

When will the Administration abandon pretense and ballyhoo and get down to facts?

How long will the American people permit these conditions to prevail?

How much longer will pump-priming continue to delude the people?



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The Rising Son of the Rising Sun

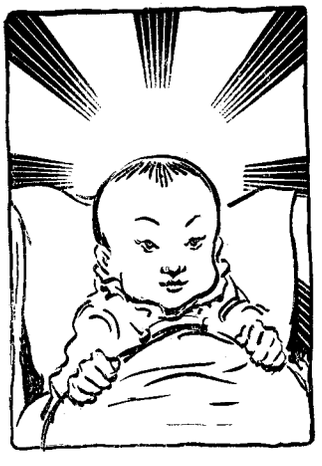
What of the young generation of American-born, American-educated Japanese who live within our gates? Aiji Tashiro discusses this emergent problem autobiographically and in the light of one who has been dubbed: "Rising Son of the Rising Sun."

by Aiji Tashiro

"NOW I suppose you will go back to Japan to show the folks a few things about engineering?" This question is asked me almost daily now that my college career has drawn to a close. It is easier to smile wisely and say nothing than to try to explain that I have never been closer to Japan than Seattle—that I am an American citizen boasting of a birthplace not far from Plymouth Rock itself. Sometimes I reply flippantly that I am postponing my return to the land of cherry blossoms, geishas, and jinrikisha until the Japanese learn enough engineering from Americans to build a bridge across the Pacific. Strangely enough, this remark, questioning the superiority of American engineers over their eastern counterparts, antagonizes American ego.

There are undoubtedly good reasons for the average American to assume that the author is one of the numerous Japanese students studying abroad. Outwardly, he possesses the marked characteristics of the race, despite the fact that he was born in New England. The fluency with which he speaks the English language, his adoption of American slang, mannerisms, dress, and even vices are causes for amazement and bear witness to the fact that "Japs are quick to catch on." Meanwhile the Jablioskis, Idovitches, and Johannsmanns streaming over from Europe, slip unobtrusively into the clothes of "dyed-in-the-wool" Americans by the simple expedient of dropping their guttural speech and changing their names to Jones, Brown or Smith.

The occasion of my birth in that flat above the United Cigar Store was an event that the New England newspapers publicized widely. I was heralded as the first Japanese baby to be born in New England. Times change. These same newspapers today are flaunting editorials against the fecundity of the Oriental races, and the menace of the ever-increasing Asiatic hordes which threaten to usurp World Supremacy. The world moves on to the tune of Japanese boycotts, anti-racial intermarriage laws and slogans of "America for Americans."



The Rising Son of the Rising Sun, as a professor inadvertently called me once, chose to graduate from college into the ranks of the unemployed at a very inopportune period in history indeed. Jobs were known to be scarce in my field. But I was far from discouraged. I was not down-hearted. In fact, while my contemporaries trod vainly hither and thither with their letters of recommendation and references as to character, ability and all that people vouch for in their friends and blood relatives, I was approached shortly after graduation by several of the captains of industry with offers of employment.

The president of a large corporation ran his eyes over my five feet five, slowly. He took in my Bostonianisms, my Arrow shirt, my Hart Shaffner and Marx suit. I congratulated myself on being one Oriental who had no perversion toward blue serge suits and yellow shoes.

"I think you'll do," he said slowly. My heart jumped. He had summoned me out of a clear sky to come see him at his office, and here I was already hired!

"What do you weigh stripped?" he asked me next. A trifle puzzled, I told him.

"We'll bill you as Togo," he added. And then I learned that he had a hobby of promoting tyro wrestlers. He was sorely disappointed when I told him I sought laurels in other fields.

There was a bald-headed man with a big black cigar, who approached me one morning to ask whether I would be interested in taking a position of valet. He introduced himself as the owner of an employment agency which was seeking a Japanese servant. He named a salary that made me waver for a moment until I remembered that the fates had ordained me to be an engineer, and that I would die of starvation as such, rather than to wax obese as a domestic servant.

There were other offers ranging from giving ukulele lessons under an Hawaiian *nom de plume,* to selling Japanese miniature gardens. Being of foreign parentage evidently has many advantages in the quest for employment.

If the average Japanese is regarded by the Occidental as being shy or reticent, or suffering from one of many complexes, it may be well blamed on the attention that his presence commands in localities where he is seldom seen except in geography books. He is beset with stares, whispers, questioning looks, blunt queries, ranging from the taunting cry of "Chinaman!" of the street urchin, to the well meant questions of affable strangers.

In grade school I was accepted by my fellow students without fuss, probably because they too were mostly chil-

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dren of foreign parentage. It was a heterogeneous class of Hunks, Guineas, Sheenies, Wops and a Jap that recited the Civic Creed and the Pledge of Allegiance to the flag. There were no thoughts in any of our minds as to racial difference. My own racial complex was born when a certain New England city conceived the idea of having in a Fourth of July parade representatives of all nations to carry their respective flags. I was imported, after due cajoling of my parents, from another State, to march with the flag of the Rising Sun. As I marched along the six-mile parade route, and spectators burst into applause at the sight of an eight-year-old Japanese boy carrying his native emblem there dawned upon me a consciousness that I was a first-class fake. This racial complex, then born, was to develop more and more as I was thrown into contact with the world at large. Thus I often find myself wondering in the midst of a fraternity dance, or during the course of a banquet given for foreign students by the Y.M.C.A., what right I have to be at such a gathering.

The assertions of sociology, concerning the relationship of environments to behavior have always struck me as being rather plausible. In fact, I attribute to environment the reason that I have no artistic ability, that I never took up the study of biology or made Phi Beta Kappa. I can attribute to the same factor, my preference of coffee to tea as a beverage, my preference of blondes over brunettes. And should I investigate the matter thoroughly, I might even find environment a reason why I prefer the riddles of Cabell to Buddha.

I have seen many Japanese families with native-born sons who are no more American than their cousins in Kobe. In fact, I have envied the admirable Japanese traits which I unfortunately lack. I realize that it was through parental influence that I became more American than Japanese. My own home life was a queer mixture of the Occident and the Orient. I sat down to American breakfasts and Japanese lunches. My palate developed a fondness for rice along with corned beef and cabbage. I became equally adept with knife and fork and with chopsticks. I said grace at meal times in Japanese, and recited the Lord's prayer at night in English. I hung my stocking over the fireplace at Christmas, and toasted "mochi" at Japanese New Year. The stories of the "Tongue-cut Sparrow" and "Momo-taro" were as well known to me as those of Red Riding Hood or Cinderella. As I look back upon it, now, I see that my parents indulged in this Oriental side of the family life with a certain amusement and tolerance. I rather think that they were good showmen and had no serious idea of making Japanese citizens of their offspring.

On some nights I was told bedtime stories of how Admiral Togo sent a great Russian Fleet down to destruction. Other nights I heard of King Arthur, or from Gulliver's Travels and Tom Sawyer. I was spoken to by both parents in Japanese or in English. I answered in whichever was convenient or in a curious mixture of both.

I can distinctly remember the last occasion at which I spoke Japanese, an event which occurred while I was a senior in high school. For some unknown reason, my mother had addressed me in Japanese, and for some equally unknown reason I attempted in all seriousness to answer in that tongue. The words evaded me and I found myself stuttering in embarrassment. A smile came over my mother's face and I was conscious that she went out of the door laughing. I have never spoken Japanese since, although when I have occasion to listen to a conversation carried on in Japanese, I find to my astonishment that I understand every word.

In the family scrapbook there are many clippings from newspapers dealing with events that are obscure in my memory. There is that faded clipping of my picture when I brought glory to the Japanese race by skipping a grade in school. There is a reproduction of a letter written in all sincerity to Santa Claus, signed "A Little Japanese Boy." There are feature stories of the boy who entertained visitors to his home by singing the national anthems of America and of Japan. As time passed these clippings grew scarcer and scarcer. The Rising Son dropped only too gladly from public eye. His racial complex was developing rapidly. I found myself putting my defensive mechanism to work in arguing that my reticent ways were purely symptoms of an inferiority and not racial complex and that, after all, I was as American as the stranger in the theatre who caused me discomfiture by his stare.

The Japanese have always been regarded as somewhat an egotistical race. If this be true, perhaps there is a basis for my inexplicable superior mental state of mind that paradoxes my physical and social self-consciousness. I believe that this elevated state of mind is a heritage from a long line of Buddhist ancestors which is cropping out in the first Presbyterian generation. At least environment seems an inadequate explanation. I enjoy a symphony program. I can perform innumerable tricks on any number of stringed instruments in typical vaudeville fashion. And yet where the average Occidental finds only an unrhythmic series of minor chords in Oriental music, I find there is a certain intangible appeasement that no symphony can supply. Scoffers will be quick to say that it is only my ear that has unconsciously tuned itself to the wailing of my father's Japanese flute, or the Japanese phonograph records that the family owned by the score. Drawing teachers have remarked that in my sketching and painting there is a certain delicacy and feeling that is decidedly Oriental. Paradoxically enough, a review of my school record will show that I have been remarkably proficient in English and my flair for literature has astounded a faculty long used to the obtuseness and stolidity of the average engineer.

Every autobiography contains somewhere in its contents some reference to an event in early life which, though thought insignificant at the time of its occurrence, left a deep impression in later life. The journey of our family from New England to the Japanese infested cities of the Pacific might be classed as such. Had I been born in South of Yeslerway in Seattle, or in the Japanese colonies of San Francisco or Los Angeles, I might have evolved into the scholarly Togo so often portrayed in cartoons and in fiction.

What has New England done for me? It has prevented me from becoming a research bacteriologist—from wearing suits which are too big and hats which are too small.

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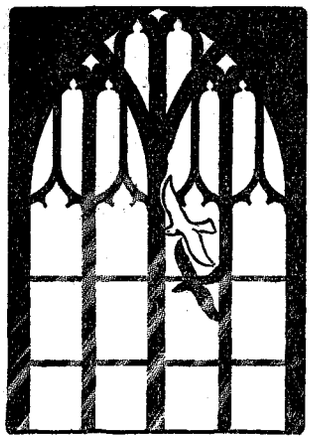

It has prevented me from having my hair cut high above my ears—from being an epitome of politeness and shyness. It has led me from Saturday night church socials to tread the paths of iniquity to Mrs. Theis' beer flat, or to a fraternity dance. It has resulted in my establishing Rabelais, Villon, Rupert Brookes and Anatole France as my gods instead of the sayings of Confucius. It has, in short, made me just an average college student. I have no tortoise rimmed goggles nor Tau Beta Pi key as souvenirs of my four years at college. The hiatus from campus to business world finds me reminiscing happily over a series of rather pleasant college escapades bordering on the Scott Fitzgerald pattern.

I remember my amazement on seeing from the train window at Spokane, five red-capped Japanese porters. All of them were perfect strangers and yet, somehow, I felt that I had known them intimately for years. This feeling might be explained by the fact that there was a very intimate acquaintanceship among all the Japanese residents of New England. One spoke of the Kiharas who were farmers in Massachusetts, the Miyanagas who owned a restaurant in Boston, the Arais who lived in New York, as if they were next door neighbors.

The first two months in Seattle were rather overwhelming inasmuch as I met and saw hundreds of Japanese of all classes, who were perfect strangers. The enjoyment of seeing hundreds of Japanese children of my own age was short lived. I soon found out that I was regarded offishly by them as being an American. And it must have been rather strange to them that I was unable to speak Japanese. However, they did not realize that I understood their rather cutting commentaries perfectly. Whatever inimical treatment I received from them through the day, however, was more than compensated for when 3:30 came. While I was free to read or loaf and enjoy all the privileges of youth, my Japanese contemporaries were compelled by their parents to attend Japanese school for two hours to learn the finer arts of writing and reading their mother tongue.

I made some attempt about this time to analyze the strange contrast between my contemporaries' family life and my own. I began to classify them, even coining words to satisfy my needs. There was a class of Japanese that I called "Typs." This was an abbreviation for "typical Jap." A "Typ" usually needed a haircut or had too obviously just had one. He lived in one of the drab houses near Yeslerway with half a dozen or more brothers and sisters, all just one year separated in age. His father ran a grocery store; his sisters finished high school and worked in a market. The "Typ" was enviably proficient in Math and in Art; totally lacking in the finer points of social grace. His clothes were incongruous and misfit. He either slunk timidly in the society of Americans or assumed a defiant, truculent air. He was impervious to self-consciousness, if the latter class, and persisted in jabbering loudly in Japanese in the presence of Americans. All "Typs" cliqued together in school and out. The timid kind went on to college and became Phi Beta Kappas and "Doctors." The brazen variety became the denizens of pool halls and street corners. I decided that I was not a "Typ."

Then there was a class with whom I had little contact. They were the sons of bankers, importers and professional men in town. Some of these I classed as "Typs," nevertheless, because they resided in the Japanese colony. The majority of them, however, lived in the better residential districts of town and seldom came to the colony except to attend church. Although they drove big cars and owned extensive wardrobes, they still adhered to atrocious haircuts. They were treated almost obsequiously by their American companions, because of their wealth. At least, so I decided. I decided that I was not in this class either, for despite their outward conversion to Occidental living I knew that they were basically still Japanese.

A typical example was George, a friend of mine who was the son of a wealthy importer. His case was typical of the Japanese emphasis of primogeniture, and the peculiar attitude of Japanese men toward women. I had always thought of George as a youth thoroughly Americanized, for he was born and reared in America. But one day, on visiting his home, I was astounded by the humble air in which his own mother served him and the lordly attitude in which he ordered her about. He adopted the same attitude toward his sisters. Even his eight-year-old brother wielded the Japanese prerogatives of the masculine sex by ordering his much older sisters about like a young tyrant.

George confided to me that he was to be sent to an Eastern university to study "Business Administration," after which he would go to Japan to take care of his father's business. He mentioned casually that there was a girl in Japan that he was going to marry—he had never seen her. His younger brothers cherished aspirations toward college as well. I later learned that although George's way through college was literally paved with gold, his younger brothers had been left to shift for themselves. George's father had completed his duty by financing his oldest son's career.

Outwardly George and his family were as American as Babbitt, from the grand piano in the living room to the electric waffle iron in the breakfast nook. But the last remnants of a Japanese heritage would not disappear until another generation. When I last heard from George, who had finished school several years ahead of me, he admitted that he had gradually slipped into the Japanese way of things. He was living in Tokyo—had come to like Japanese food, and his two-year-old youngster spoke remarkably fine Japanese for an American.

I do not state that George's destiny is typical of the younger Japanese generation of America. But I will maintain that as more and more of them become of marrying age and have children who are decidedly American, that a problem is being created which is political, social and even athletic. Last year, a Pacific Coast League baseball team signed up a Japanese ball player for the first time in baseball annals. The magnates realized that the numerous Japanese on the coast were avid baseball fans and that a Japanese player would be an attraction.

The pendulum has swung the other way. The new generation is American. They play golf. They are adapt-

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ing themselves to contract bridge, and even acquiring a resentment toward foreigners. Statistics show that they are taller, less artistic, lighter in complexion than their parents. In time to come, perhaps even flat noses, almond eyes, and black hair will be modified. And in that time even the bugaboo of syndicate newspapers, intermarriage, may become prevalent.

This question of racial intermarriage has been brought to my attention many times. The average Anglo-Saxon frowns upon the suggestion. There are others who boast that they are broad-minded. They are inclined to hesitate a bit when one asks if they would object to their own brothers or sisters marrying an Oriental. The opponent of racial intermarriage has a score of arguments at his disposal. He flaunts the case of Mary, Ruth or Jane who married a Jap. The marriage ended in murder, discontentment and disillusion. The children were deformed, snubbed or suffered from a hundred complexes. I do not advocate racial intermarriage. But I question very much some of the arguments of those who are decidedly antagonistic to it. True there have been many unhappy marriages between Asiatics and Anglo-Saxons. One could easily find the reason why marital life was a discord. In the majority of cases, although the man concerned was of means, and of genteel breeding, he was at heart a "typ" and expected women to take a secondary place in the scheme of things. This peculiar relationship between himself and his wife was bred in him. No American woman would stand for such a subordinate position in the marriage relationship. Then, of course, there is the other extreme in which a woman from a class in which discordant marriages run high, marries an Oriental, through distorted romantic notions, or through an avidness for publicity. The male often turns out to be a chauffeur, a cook or pool hall boy type. Such marriages, even among Anglo-Saxons in similar classes of society, result in a large percentage of failures.

I am acquainted with scores of women and men of Japanese parentage who have married Occidentals. Most of them have been well educated and have been brought up in an American environment similar to my own. The children from such unions seem in all ways healthy and normal. How they will react to the stigma of their parenthood has yet to be seen. The average Japanese looks with disfavor upon intermarriage, an attitude also prevalent among Semitics with whom the Japanese share many traits. Both races are aware of their deep religious heritage. Both races feel that they are far superior to other peoples and that alien blood should not be allowed to mingle with their own.

I have been asked many times whether I would marry an American girl, or one of Japanese parentage. My brief sojourn on the Coast where Japanese families abound, brought me into contact with many girls of my age. But, somehow, they had no attraction for me. Perhaps, if the case were analyzed, it might be found that I had seen too many movies of blonde heroines with blue eyes and fair skins. Or maybe I was influenced by Schopenhauer's metaphysical reasoning of the attraction of opposites. I do not know any more than my interrogators who ask whom I will marry, but there is no doubt that my tastes are Occidental.

The "Typ," as I have classified him, shied from social engagements to church activities, or stag functions. But, as I previously mentioned, I was not a "Typ." On the college campus I was joshed good-naturedly, for a long while, by friends of both sexes for my failure to appear at social functions ranging from the Junior Prom to sorority dances. It finally dawned upon me that these jests concealed a certain grain of sincerity. After finally garnering enough courage to attend a few functions I felt thoroughly at ease. True I have had few dates. Somewhere in the back of my mind lurks a sensitiveness to refusal, or the suspicion that the date might accept merely as a matter of politeness. Strolling about the campus with some fair co-ed or cutting in on a friend at some school dance has never brought to the surface the old race consciousness. But to meet the same co-ed downtown and to sit with her even on a street car is an ordeal. Unfamiliar eyes seem to gawk from every nook and cranny. And to think of taking a date to a function off the campus is sheer mental discomfiture.

The average American, if there be such, would have no idea of approaching a stranger on the street to ask him if he were a Swede or a Norwegian. And yet, rarely a day passes when some perfect stranger does not stop me to ask if I am an Hawaiian or a Filipino. Of course, I am pestered from other sources too. Would I please inform the writer of a letter if women and men bathe together in Japan? Would I talk to the Businessmen's Club upon the Japanese policy in Manchuria?

Among other questions are: Would I translate the inscription on this vase? Is this print an authentic Hiroshige? Do I know a Japanese boy at Columbia University whose first name is Hideo? He resembles me a great deal.

The Western mind has not yet arrived at the stage where it can differentiate one Oriental from another, even racially. No doubt the cartoonists and novelists are responsible for this. Caricatures show all Japanese with prominent teeth, an abundance of gold bridge work, slanting eyes and coarse black hair. Story writers elaborate upon this framework by proclaiming all Japanese to have difficulty in pronouncing *f's* and *r's*. The story writers' presentation of Oriental dialect, except for a tendency to make all Orientals hiss, or speak pidgeon English, is, in some degree, true. One who has been speaking Japanese from early youth never masters the knack of pronouncing the English *f's*. Thus he pronounces "friend" as "hhriend." And invariably he break his words up into syllables.

The movies, too, have done their bit in informing the public how the Japanese may be identified. All Japanese, according to newsreels, have a flair for derby hats. Popular information attributes to the Japanese an adeptness in throwing knives and a proficiency in *jiu-sitsu* by which a thrust at some hidden nerve allows him to disable the biggest of opponents. Then, too, there is the prevalent conception that all Japanese are secret emissaries of the Emperor who huddle nightly over their opium pipes to trace on maps tentative routes for invasion of the United States.

I am symbolic of the poor homesick foreigner, friendless and bewildered in a strange environment. Many a conscientious Christian's sense of duty has been appeased by extending to me an invitation to dinner or church, or by presenting me with two tickets to a church social. I am regarded as a connoisseur of art and called upon to give my opinion of a Japanese print which is reputed to be 500 years old, or to vouch for the authenticity of a piece of lacquer or china, the facsimile of which is in the Museum.

I am considered an authority on the culinary secrets of

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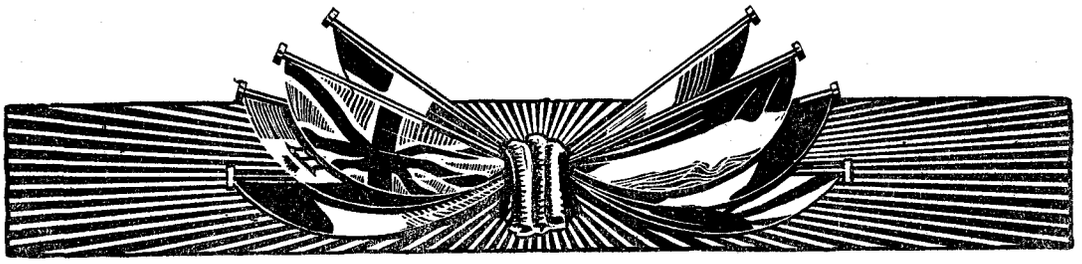
the East, from the correct way to cook rice to the proper method to serve tea. I am the insidious Jap who has an undying hatred of all Chinamen. . . . I am the "Rising Son of the Rising Sun."

The professor's inadvertent remark "Rising Son of the Rising Sun" bids fair to compete with Kipling's immortal lines of the meeting of the East and West. I muse upon it as I sit here in my room. From the Student's Union Building there comes the strains of an old melody, Paul Whiteman's "Japanese Sandman." Soft lights—and low laughter—all the glamour of college beckons me there to the last dance of the college year. But now in the twilight of a college career I dread to go. The friends in the stag line would nod and jest with me. They would josh me about my somewhat boisterous actions at Homecoming Day. They would repeat that standard joke about my picking a fight with the Chinese laundryman at the corner. But behind all their badinage I know there lies a certain sympathetic curiosity as to my future. I am one of the landmarks by which they would remember college. Should they run across one another in the future, they would invariably ask, "I wonder what's become of that Jap who was in our class?" A certain sorrow hangs upon me that the world as a whole is too large for me to impress with the fact that I am no different from anyone else, as I have done in the cloistered seclusion of college.

Through the dormitory window the shrill notes of a violin enter and pry about the room with delicate fingers. The trombones and brass are muted. A flood of memories assail me. I remember the cold New England nights when I lay awake looking at the stars as the wailing of my father's sakuashi crept up the darkened stairs. The voice of the flute has long been the unfathomable voice of the East beating upon the West with futility. Voices pass below the window. A breeze sweeps in the Quad and the leaves on the maple rustle unceasingly. Moonlight drips coldly upon the gargoyles peering over the athletic field.

On my table is an invitation to a dance to be held at the Y.M.C.A. on the morrow, sponsored by the International Club. I think of the Filipinos and the Chinese who will be there, their talk of "World Peace" and "Student Conferences." I know that I shall resent their dancing with the dozen or so American girls who have donated their services for the evening.



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The Cost of the Codes

The annual tax upon American business for NRA "self-government," it is estimated, will be about one hundred million dollars annually. Mr. Raymond examines some of the more unusual budgets which make up this astounding total.

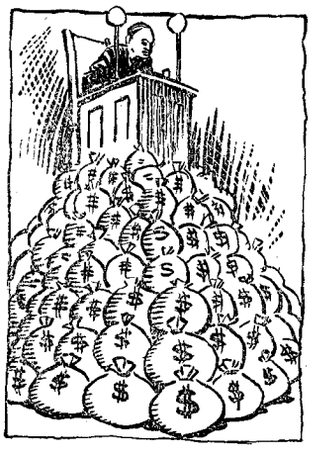
by Allen Raymond

NOW that the structure of "industrial self-government" has been erected by the National Recovery Administration, at the cost of a year's hard code-making, and all the 500-odd code authorities have gotten down to the job of actually administering their domains, it begins to dawn on the New Deal savants that industrial government, like any other government, is bound to cost a lot of money.

It dawned on many of the business men who are to be self-governed some time ago. They began to twitch in their pocket-book nerves, a forewarning of disaster. Now the blow has fallen. Tax bills are out for new governments, never heard of until recently, in a country laden with plenty of governments, state, local and national. The new governments are "code authorities," and they can't exist without their special taxes.

Each code authority is a taxing body; and tax collectors were never popular. Each code authority must be equipped with a group of permanent officials and their staffs, occupied, not with the promotion of business itself, but with governing it, presumably in the interests of everybody. Such folks inevitably come at last to be termed bureaucrats, if not that more stinging epithet,—politicians.

These code authorities are courts, of a sort, and in every decided conflict before a court there is a winner and a loser. The losers, in civil life, have never had high regard for the intelligence of jurists or juries deciding against them. In this new "self-government of business," barely a year old, there is already an outcry from many of the governed, who say that the code authorities are oppressing them.



In the next dawn the principal howl against the code authorities will be the cost of maintaining them. The bills are even now going out to the business constituents; and the normal reluctance against taxation begins to be evident. Perhaps those business men who serve for a time on the code authorities and who try to govern their single industry will have more sympathy, after their experience, with politicians serving as governors of all industries. Perhaps not. They will learn, however, how smart a politician was the late Calvin Coolidge, who strove doughtily all through his public life to keep the costs of government down, and let the people know he was doing it. There is plenty of evidence that many of these new "governors" have not yet learned this vital lesson.

It was not until mid-summer that the budgets of the new code authorities began to creep, a few at a time, into public view, as fast as they were approved by the National Recovery Administrator. There was a gasp when it was learned that the construction industry alone, with its five divisional code authorities, was to have an annual budget of $3,500,000.

Reporters rushed up to the N.R.A., asking, "How come?" and "What's all that money going to be spent for?" Construction, they were informed, was a very sickly giant,—but nevertheless a giant,—and all that money was the medical bill. There was a well-founded suspicion that what the construction industry would really prefer was a liberal dosage of PWA funds, which would be a more healthy diet than the imposition of an extra government over it.

The details of the budgets make an interesting story. The ways in which it was proposed to raise the money, it is learned, varies naturally with the business practices of the different sections of the industry, but in general, this is the story:

The construction industry's general code authority, for example, would have a budget of $290,300, and the basis of the contribution by individual firms determined "on the value of work or services rendered, according to the code."

The General Contracting Division of the construction industry has set up a budget of $2,750,200, for its first year. This money is to be raised by a tax of one tenth of one per cent on the cost of construction projects.

The Electrical Contracting Division is to have a budget of $455,624. The basis of taxation is to be one per cent on the payrolls of productive labor.

The Elevator Manufacturing Division set up a budget of $58,443.32, and its authority ruled that the basis of the tax would be one fifth of one per cent on gross sales billed.

The Tile Contracting Division created a budget of $78,801.42. The tax here was a little more complicated, perhaps so the auditing staffs of the tile contractors would not go unemployed. It was to be one per cent on contracts from $100 to $100,000; an additional one half of one per cent on the totals of contracts over the first $100,000.

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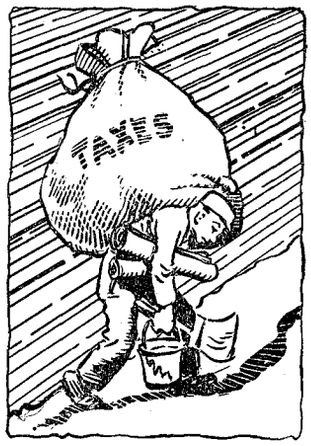

The Paper, Paper Hanging and Decorating Division set up a budget of $620,000. The basis of the tax is one per cent on the gross volume of sales, payable quarterly.

As these code budgets and their taxation requirements came into view, it was obvious at once that any construction job would have several of these new taxes added to former costs of building. Was this, then, to be part of the administration's strategy of raising prices, so that business once again could thrive? The raising of business costs? What was to be the effect on consumers?

The counsel for a public utilities industry declares that if the policy of setting up a vast army of new employees for the industry to support is an inevitable part of the NRA program, it would become a "more important factor in fixing rates to the consumer than the state utility commissions."

How big was the extra load that business itself was to carry for the privilege of governing itself? Nobody knows exactly. One estimate states that about $100,000,000 must be raised for some 400 industries. The National Retail Dry Goods Association, realizing that additional code costs on every product bought for sale in department stores would run up to a sizeable item had a study made of the 392 codes most closely affecting retailing. They found they had budgets totaling $50,000,000. Inasmuch as at the high water mark of the NRA effort to organize all American business for self-rule it had approved of 809 codes, the N.R.D.G.A. estimated also that the total would run to $100,000,000. But the retreat from NRA was begun in July, even as the N.R.D.G.A. was meeting, and many of the smaller codes have been abandoned.

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In response to the increasing clamor from business interests that these code costs were going to be a considerable factor in business, the NRA division of research and planning has announced that it was going immediately into the problems of administering the codes, inasmuch as the setting up of code authorities is now, at this writing, nearing completion. Its own researches, it said, corresponded with the estimates of earlier researches by newspaper men. The budgets as sent in by the Code Authorities, and approved so far, would total $100,000,000.

By August 9, last, the approved codes were down to about 500, most of the service trades codes having been abolished amidst alternate shouts of glee from those establishments which held they could get along very well without industrial "self-rule," and wails of anguish from others who held that only price-fixing could bring them salvation.

The difficulty of arriving at a quick, accurate total of the charge upon the total economy of this new governing body is caused, in a measure, by the complicated and overlapping features of many of the codes, a state of confusion which few citizens fully appreciate, and also is caused by the fact that many decisions are still to be made on whom and how a certain code tax is to be levied. Take the blue crab industry, for example. It was not until July 23 that the National Recovery Administration finally ruled that "whereas members of an industry whose principal line of business is embraced in a trade or industry subject to a code other than the code for this industry, they are exempted from obligation to contribute to expense of code administration for the blue crab industry."

The budget proposed earlier for this unsuspected industry seeking "self-government" totaled $19,391.01, the basis of contribution to be one tenth of one per cent of total annual sales for the preceding business year (as provided in the code for the fishery industry), plus two tenths of one cent per pound on all crab meat, one quarter of one cent per dozen on all soft crabs and on all shedder or peeler crabs, and two cents per barrel on all hard crabs sold.

To emphasize the problem of code costs further, the last two big industries to ask for approval of their codes, August 9, the baking industry and the wholesale automobile dealers, submitted budgets totaling $1,250,000. The baking industry asked approval of a budget of $900,000, and the wholesale automobile dealers, $325,000.

Confronted by the spectacle of industrial rulers asking governmental sanction for the raising of all this money, with power to compel payment, the average citizen might be pardoned in asking, "What's it all going to be spent for?" He might also be expected to ask what the effect of all this is going to be on his income, and the prices he has to pay for goods.

The budgets are in the most general terms. They might cover almost anything. The writer, running through the budgets of fifty-nine code authorities, found they planned to spend $611,970 for railroad travel, which ought to help restore prosperity of the railroads. No mention was made of buses or planes. These same code authorities were to spend $231,861 on legal fees, which ought to encourage the law schools. Hotels were to benefit by $62,042. But one of the principal reasons for the creation of the codes, alleged when they began to be framed, was the need for enforcing compliance with fair practices, including fair labor practices. Only twenty-one out of the first fifty-nine code budgets examined showed any expenditure whatever listed as for labor compliance!

Gathering knowledge about compliance, in general, might reasonably be expected to be the function of field investigators. There are going to be a great many of these. Sent out by Code Headquarters, they will journey from factory to factory and from store to store, asking questions, and gathering data, and bringing a great deal of knowledge back with them to headquarters, where administrative officers, typists, stenographers, file clerks, record clerks, and statisticians will pore over them, sort them, evaluate them, possibly use them, and certainly tuck them away in their catalogued pigeon-holes.

Here are the principal items in a code budget, that of the Construction Code authority, which is more detailed than most:

Establishment of Construction Code	$31,000.00
Code Authority Expense	
1. Executive Director	$8,400.00
2. Other Executive Officers	14,400.00
3. Clerical Employees	7,200.00
4. Stenographers	6,700.00
5. Office Assistant	1,000.00
	$37,700.00

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Office Expense

1. Rent and Light	$ 7,200.00
2. Office Equipment	7,200.00
3. Office Supplies, Printing and Mimeographing	6,000.00
4. Postage, Telephone and Telegraph	7,000.00
5. Miscellaneous	2,600.00
	$30,000.00

Traveling Expense

1. Members of Code Authority	$34,600.00
2. Traveling and other expenses incidental to Divisional Code Authorities and uncodified branches	15,000.00
	$49,600.00

Incidental

1. Legal Fees	$15,000.00
2. Accountants Fees	2,000.00
3. Insurance and Boards	2,000.00
4. Miscellaneous	2,000.00
	$21,000.00

Committees and Facilities Thereof

Trade Practice Complaints Committee

1. Traveling Expense of Committee Members	$10,000.00

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The Code Authority of the Funeral Service Industry has a modest little budget,—only $216,650 wanted from July 1, 1934, to June 30, 1935.

Its code authority consists of fifteen members, and they plan to have six meetings, with traveling expenses of $15,750, and a *per diem* allowance of $20 a day given to each member, or $7,500. Rent and office expense will be another $17,000. Twenty field workers to cover the country will have salaries amounting to $66,000, and travelling expenses of $54,000.

An executive secretary will cost the funeral service men $7,200 a year, and an administrative officer $10,000. All the central office force combined will only cost another $10,000,—clerks, typists, etc. Another $7,500 has been set down for travel for the executive committee and administrative officials, and just for good measure another $2,500 will go to Code Authority members for purposes other than attending meetings. Insurance, wages for accountants, legal expenses of $3,000, and $3,700 for holding a code authority election, $10,000 for miscellaneous, and we've rolled up our $216,650.

Will the expenditure of this money make it any less expensive to die and be buried? One wonders as a potential customer. Will it assure higher wages and better living conditions for the employees who are "partners in the industry"? One wonders, as an employee. Will it help to bring profit to all in the industry, among its owners, or to only a few of them, at the expense of some others? One has suspicions, after reading the Darrow report, but knowledge will be unobtainable until the code is administered in practice. That job is just beginning.

This single NRA budget, however, shows one boon to a class of business man hard hit by the Depression. This was the "executive director," or the "vice-president," or the high salaried minor executive in many a business and trade organization.

As business cut down all unnecessary expenses, there was a wholesale exodus of these gentry from the marts of trade. Golf clubs over the country languished. Swagger apartment rentals slumped, and old automobiles clung to the road for several years after their owners would have wished bright shiny late-models, with the newest gadgets.

The medium vice-presidential job was hard to get, once lost in a wave of ruthless economy. Lots of these gentlemen turned up in Washington with the installation of the recovery administration, and most of the big tycoons of industry, *going* there to do their bit for the emergency will tell you of worthy cases they were able to connect with the government pay-roll.

Now they are on their way back into business again. The code authorities have developed new jobs,—not merely the $7,200 and $10,000 positions in the modest funeral service budget, but jobs ranging up to $25,000 annually in business organizations with larger "takes." A whole procession of the ex-business men whom reporters used to meet on assignments in NRA headquarters in New York and Washington, harried a little, wearing furrowed brows, but gallantly doing their best for the big Blue Eagle, are now in business again,—with the code authorities.

Here we have a development of the old trade association,—this time with government backing. Instead of having to go out and plead with business men to bring in their dollars,—or sometimes bomb the recalcitrants, as in New York and Chicago, the trade association leaders now can levy taxes on them. If the NRA ever should fold up, or be ruled unconstitutional in the higher courts, a multitude of new trade associations will be on the job, manned, financed, and rarin' to go, as a result of this two-year experiment.

The use which some of the old trade associations, verging on "rackets," made of their money was everybody's business, and consequently nobody's. It was the racketeering trade association which maintained prices at high levels in the old days, until the public revolted. Every potentiality for racketeering, at a cost to the public far outweighing the costs of administering the codes, is present in the set-up of these authorities. Once General Johnson and the pioneers get out of the NRA, and it becomes merely another government department for cursory regulation of business, like many others, look out for squalls.

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Already the prospect of these costs is alarming the retailers, who although they have their own code, are buyers on a large scale, and thus representatives of the consuming public. At a recent meeting, Channing E. Schweitzer, managing director of the National Retail Dry Goods Association said:

"The use of money received by code authorities through their assessments among members of the industry has been clearly defined by the NRA. Yet there is distinct danger that code authorities may be led to use their funds for other purposes than intended, thereby fostering hardships and burdens on retailers and the buying public.

"There is likewise a danger that they may seek to go beyond the provisions of their codes, in attempting to obtain, through agreements and similar methods, rights and privileges never accorded them in their codes."

It will not be alone the retailers who will be watching to see whether these costs of the codes do not outbalance

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the costs of their administration. It will be other consumers, and particularly will it be organized labor.

Representatives of code authorities already have appeared in New York City and in the South before the Regional Labor Boards at hearings on minimum wages, and hearings at which the labor boards were trying to settle strikes. The labor unions have been forced to strike to obtain code wages, and have not been helped in numerous instances by the very code authorities set up to see that the wages were paid. These code authorities are in practically every instance representatives of the employers only.

In the South, the code authorities have sought to break strikes, stepping into situations where code wages were $12, and $13 a week, and showing the labor boards that employers against whom strikes were being waged were actually paying these stipends. Any strike against a code wage was held to be unreasonable. There is one instance where a labor board took that view also, even to the extent of trying to get strikers off the relief rolls because they were perfectly able to get work at the agreed code wages if they wished to. So also minimum code wages in numerous industries have tended to become the maximum, and workers at higher wages have learned to their sorrow this cost of the codes.

What these code authorities are doing in the raising of large funds smacks of bringing in a "war chest," and holding it in the hands of a few of the strongest interests in each industry.

One wonders what the building supply code authority will do with an annual budget of $692,891, or the Crushed Stone, Sand, Gravel and Slag Industries, with a central budget of $285,100 for the code authority, and a budget of $875,304.91 for the regional code committees. Two divisions of the graphic arts industry, the metropolitan and non-metropolitan daily newspaper publishing and printing industry, have a budget of $634,616. The fur manufacturing industry has one of $310,000. The silk textile industry's budget is $310,040, and the Infants' and Children's Wear Industry, $250,000. The Lumber and Timber Products Code Authority has asked for $316,188.79, and the paper distributing industry for $125,212.

What will the cost of these code authorities be to labor? The ruling powers in many of them are devoted to the open shop. The establishment of code wages in many lines —two or three dollars below the minimum of $15 in President Roosevelt's PRA—shows how far from converted to the high wage theory of prosperity is American business.

What will the cost of these code authorities be to consumers? Late in June, after General Johnson had announced that the price-fixing policy of the NRA had been abandoned, Mrs. Mary Harriman Rumsey, chairman of the Consumers' Advisory Board, declared that her battle to end price-fixing in the codes was far from won.

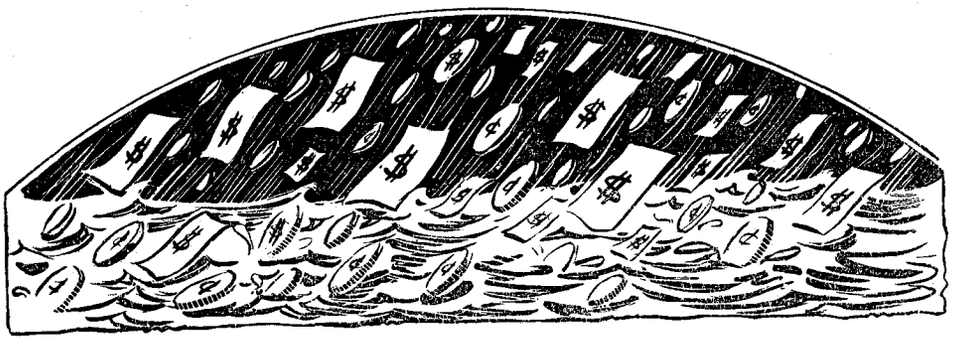
"Under the codes," she said, "organized business has perhaps unconsciously taken advantage, and in many instances developed schemes, of minimum price control that become price-fixing in fact. It will take the combined wisdom and strength of all of us to bring about a revision of all our codes so that business men will receive protection essential to industrial stability, without at the same time permitting their exposure to the temptation of price-fixing."

Some kind of minimum price-fixing, she said, had been established in more than half of the codes already approved before General Johnson abandoned the policy of approval. These codes are those of the most important industries in the country.

What will the cost of the codes be to the "little fellows" in business, for whom first Clarence Darrow and then Senator Borah have been speaking? On August 8, *"The New York Times"* gave some inkling in an editorial as follows:

"It is not merely the price-fixing codes which are coming into disrepute," it said; "it is the whole system of conferring upon private business men extensive administrative and judicial powers. In so far as a 'code authority' consists of representatives of the leading firms in an industry, its regulations at best will tend to promote the immediate interests of that industry, rather than wider and more permanent social interests."

In the end the cost of the codes may not be found merely to be the $100,000,000 spent on administration.



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EDITORIAL

The House That New Deal Built

ONCE at a certain stage of a certain Five-Year Plan to make Russia safe for Marxist theorists, it was decided that the way to construction lay through destruction. What was needed, and badly needed, in Moscow at that particular moment of confusion was a new multiple dwelling structure. But a thing even more desirable to the hearts of the Soviet planners was a grand show with plenty of action. It seemed logical that these two objectives might be taken in a single effort. Although it was not the most practical site for the new multiple dwelling, for the political expediency of the situation it was proposed to put the new, much needed structure in the place of a closed church. Of course, the church would have to be removed before the utilitarian apartment could be put up. And here was descried the very opportunity for the much desired show. Instead of dismantling the church structure in the customary, orderly way, a special Soviet holiday was duly declared, and loyal party cells, thousands strong, were marched out in a "patriotic demonstration" to witness the church being blown up—*the first step to construction.*

The story further tells that it wasn't a very good show. The church just sort of rocked and fell in upon itself in a puff of dust which settled lazily over a pile of debris equally as large as the church structure. That was all there was to the show. In a little while winter came and the mass froze solid—and remained for years a monument to liberal planning, which no dynamite could dislodge, while the subjects of Stalin continued to go homeless.

The New Deal plan for cotton is destroying nothing less than the principal industry of the South.

There is freshly disclosed evidence that the Public Works Administration *works* directly toward the retardation of private enterprise. Carried one logical step further, and it seems likely that it will be, it will begin to undermine our privately endowed institutions of mercy and of education, the keystone of American civilization. Already the presidents of three colleges, the heads of two orphan asylums, the head of a large hospital, all in the South, have been to Washington to protest that a government grant of $2,767,000 of PWA funds to Green County, S. C., to build its own power plant must inevitably result in the reduction of gifts to these institutions from the Duke estate. Is the government, in its Democratic omnipotence, prepared to take over all of our privately endowed institutions when its redistribution of wealth schemes have destroyed their support; or will that wreckage be ignored and left to plague future administrations?

Building with dynamite after this fashion can produce some rather unusual effects, and also an extremely cockeyed house. The result in the end begins to look not a little like some of those pathetic subsistence homestead shacks erected in government philanthropy and New Dealeress's inefficiency at Reedsville, W. Va., so recently exposed by the *Saturday Evening Post.*

We solve distribution by dynamiting production. We combat the drought by glutting the tanning and hide market, until private tanners are driven to desperation and to the wall, and a new racket is developed by which Mexican cattle are secretly bootlegged into the expensive and generous government emergency mart. We seek to achieve suspended animation in the downward spiral of deflation by dynamiting the sanctity of contractual relations. We permit the New Deal planners to take taxpayers' contributions in the name of charity for the needy and carefully build a national Tammany with a bribed constituency.

It was little wonder that the resultant wreckage of our national economy was beginning to take on many of the aspects of the frozen Moscow church pile when President Roosevelt returned from his vacation on Pacific waters. The American people waited in fear, but in patience, for the return of their President for some explanation for the reason for this stagnant pile; they logically anticipated the revelation of some plan by which this mass of frozen confidence could be re-energized into a practical, livable structure. They were disappointed. None was forthcoming.

Those commentators who expressed most fully this general disappointment failed to discern, or at least to indicate their awareness that there existed a sound, political reason for this strange and disheartening silence. The reason for this does not seem to us difficult to detect. The main body of support of New Deal Democracy comes today from the Leftist Liberal sector of the American populace. And while Mr. Roosevelt was vacationing in Hawaii those Liberals—who have been active—in the New Deal planning in Washington, had been deserting his cause in droves. They were deserting for a very simple reason: they were not being given enough dynamite with which to build their Utopian State. It is for this reason that in the most important address made immediately after his return, the now famous Wisconsin address, the President ignored the subject of the New Deal house and devoted himself exclusively to repairing the broken, political fence which is around it.

That address cannot be viewed as anything less than a definite challenge to all Americans, regardless of their party affiliations who do not hold with the belief that dynamiting the Constitution is the way to keep our house in order, to organize nationally to stop the New Deal wreckers. The leadership for such an organization to be effective should come from the established political leaders of both parties and be carried through without fear, even to the possible objective of a new party.

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Economic War Reports

Compiled by Edward H. Collins

American Front

THE DROUGHT bids fair to make for a highly important, if only temporary, change in the foreign trade of the United States. The retirement of this country from wheat exporting is now complete, and it would appear that some grains might have to be imported to take care of requirements, or at least to hold domestic prices down to proportions rational enough to keep back labor unrest over the rising cost of living. For a time before the inflation via silver threat was raised, the foreign exchange market showed what it thought of the altered condition of the dollar because of the drought. The dollar became distinctly weak, for it seemed a sure thing that the United States would have to import more and would have less agricultural produce to sell abroad. A development of this sort would be of signal importance in the trade balance of the United States: it would place the country in a more favorable circumstance in exports to nations from which the increased imports were bought and it should help to cut down—probably to reverse—the flow of gold toward this country. Thus there would be some compensation to the rest of the world for the export advantage which the United States won when it wilfully depreciated the external value of the dollar. Of hardly less importance was the expression of opinion by Secretary Wallace that it might be better for the United States to let up in its subsidies to the merchant marine and to "import" its shipping services. No proposal could possibly be advanced that would be better calculated to win the good will of this country's largest customer, Great Britain. The Scandinavian countries, Germany and perhaps Japan would also profit by this reorientation of shipping policy. The powers of the first Export-Import Bank have been broadened to permit it to do business with other countries besides Russia. This institution promises to give American exporters something of the same advantages that exporters have long been enjoying in Britain, Germany, Italy and Japan.

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Latin American Sector

THE TREND nowadays toward nationalism in trade has found the principal South American nations drawn together more closely than they have been before in a commercial sense. Brazil, Argentina and Uruguay are making careful preparations to improve their commercial relations, and recently commercial groups from these three countries have been visiting back and forth in a way which is confidently held to presage a trade agreement. On all sides it is denied that the move afoot is designed to place impediments against the imports of other nations, but that would be a natural result of the unmistakable move of the South American countries to come closer together as the rest of the world commits itself more and more to the policy of extreme nationalism. The short wheat crops in the United States, Canada and most of Europe have been a boon to Argentina, whose grain has been moving into foreign markets in good volume at higher prices. Exports in the first six months were up to 717,180,000 pesos from 580,703,000 pesos in the first half of 1933, and the export surplus has practically doubled. The foreign exchange situation has been materially improved by the liquidation of the blocked peso accounts, and the budget is sound. A German trade delegation is touring South America in search of business. With the United States in the unaccustomed position of having to import foodstuffs, it is now able to make a real bid to South American countries for an exchange of goods.

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Japanese Sector

JAPAN HAS STEPPED OUT boldly to claim a larger portion of the Philippine market, and in an economic war ultimatum through the Consul-General at Manila, Japan has told the Filipinos that they could sell their raw materials to Tokyo and buy "the greater bulk of needed industrial goods at prices much lower than in other countries." He has warned the Philippines against adopting the proposal to raise tariffs against all imports except those of the United States so as to avoid "probably serious effects." Japanese exports in the first six months increased 21 per cent over those for the corresponding period of 1933, while imports were 21 per cent higher. The export showing was greatly helped by speculative exports to the South Sea Islands and British possessions, a development that led to the calling of economic conferences by England and Netherlands with Japanese interests. Unsatisfactory progress has marked both sets of economic discussions. Japan, ever alert, was quick to take advantage of the crimp put in American export trade by the Pacific Coast strike, and in July had a considerable improvement in its trade with China. The boycott against Japanese goods has been relaxed somewhat in China, though in the Fukien Province it is reported that there has been a sharp decline in business owing to fear that Japan will soon occupy the province. But as the business of Chinese merchants decline, that of Japanese inter-

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ests increases, and there has been an efflux of Japanese traders to the province from Formosa.

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German Front

THERE IS SOMETHING STRANGE about the German trade position for which an adequate explanation is wanting. Germany has pleaded poverty and has discontinued nearly all payments on its external debt. German exports have suffered heavily, and the Reichsbank's reserves have fallen. Yet Germany has kept importing goods from abroad at a rate in excess of that for 1933. In the first six months of this year, for instance, exports declined 12 per cent, but imports rose 10 per cent. It would appear that Germany has been building up its supplies of raw materials for some reason. One German economist says that "raw material stocks are in most essential branches of industry sufficient to guarantee a further half year's employment." It is curious that German imports should be holding up so well when the visible means of payment were decreasing. In neighboring France exports decreased only 2½ per cent in the first five months, but imports were reduced 16 per cent. One theory is that Germany has been building up supplies of material necessary in war, and the imports of metals and nitrates would tend to bear out this view. German exports to the United States in the first half year declined 35 per cent, and sales to Russia dropped 80 per cent. It is now freely predicted that the German government will have to look to Soviet Russia for industrial succor, granting the demanded long term credits in return for orders. The export industries are given by Dr. Schacht first call on the supplies of raw materials. The crop shortage has made it necessary for the government to abolish prohibitive tariffs on grain imports.

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French Front

PAUL REYNAUD, former Finance Minister, continues to be a thorn in the flesh of the Doumergue Cabinet and of the French franc. Lately a man who was writing for American magazines learned disquisitions on the inadvisability of devaluation of the franc, M. Reynaud is now the spearhead of the drive for devaluation. He has succeeded in causing weakness in rentes and in franc exchange, and the government is unable to set his influence at naught, try as it will to reaffirm its faith in the present gold value of the franc. Events have played into M. Reynaud's hands. Exports and imports have declined to the lowest level witnessed since the stabilization of the franc, and in the second quarter of the current year tax returns amounted to 8,894,000,000 francs, or 874,000,000 francs less than allowed for in the budget estimate. The deficit in tax returns in the first half year was 1,561,000,000 francs. The government places the number of native unemployed at about 315,000, but semi-official estimates set the unemployment total at 880,000. France has no jobs to offer the 500,000 foreign workers who are ordinarily required in its production. The greatest amount of unemployment is in the textile, metallurgical and building construction industries. The cotton industry, finding itself in a very difficult position, has reduced the working week to thirty-six hours, and yet most of the mills are operating at a loss. The spring upturn in business activity failed to appear, and the seasonal decline in the summer set in earlier and became more pronounced than usual. It is of scant profit to France in a trade sense that the new Franco-German commercial treaty assures French nationals of payment of their Dawes and Young coupons in October and December.

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English Front

THE MOST SIGNIFICANT DEVELOPMENT in British trade is to be found in the field of finance and it consists of the reopening of the British capital market to foreign issues. The flotation which signalized the resumption of foreign lending by the London market was a £1,150,000 issue of 5½ per cent debentures of a Norwegian newsprint and pulp producer. It was the first time a loan of this character had been handled in London since the embargo on foreign lending was set up in 1931 coincident with the abandonment of gold. The significance of this event lies in the fact that the loan was extended to a producer of a country in the pound sterling sphere of influence, in line with the new British policy enunciated by Chancellor Neville Chamberlain. With no other country in the foreign loan business at this time, Britain is seizing the golden opportunity to attract borrowing countries to her fold, thereby increasing its financial dominance and, not altogether incidentally, helping British manufactures find a market. The thesis that the British home market is about saturated and that further trade improvement must come from enlarged exports, voiced recently by Sir Josiah Stamp, has now been adopted officially. Walter Runciman, president of the Board of Trade, said in the House of Commons not long ago: "We must rely on improvement in world trade for improvement in employment figures." British unemployment increased 33,674 in July. British exports from January to July, including re-exports, amounted to £256,060,000 against £234,639,000 in the previous year, but imports rose to £420,218,000 from £373,843,000 in the first seven months of 1933, leaving an import surplus this year of £164,158,000, compared with one of £139,204,000 a year ago.

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Other British Fronts

THE CRY has already been sent up in Australia for a long range tariff policy, and there is no wonder why. The degree of trade betterment which Australia has experienced from the pit of the Depression has exceeded that in nearly any other country, but now there is fair ground to question whether the government, in trying to build up trade further, is not taking steps which will have the effect of impairing the gains previously achieved. For example, both Great Britain and Japan were antagonized not long since by the higher duties introduced in Australia on cotton goods. Resentment flared so high in Lancashire that a movement was started to boycott food and other products from Australia. A grocers' association representing 200 stores resolved not to sell Australian goods until the cotton duties were repealed. Japan, for its part, began to look to its own customers to see whether orders now going to Australia could not be diverted to them. France, Belgium and Germany have taken retaliatory tariff measures against Australia, while Italy is threatening to exclude Australian wool. New Zealand has removed its restrictions on exchange dealings simultaneously with the opening of the new Reserve Bank of New Zealand. It does not look like a risky move in view of the rapidly improving trade balance. It the first five months the export surplus increased to £16,175,000 from £7,256,000 in the corresponding period of last year. Canada is still

(*Continued on page* 64)

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Fleet of the Future

Floating tin-cans, pocket-size battleships, show boats, coffin ships, or if not these, what will be in the fleet of the future which America, as well as other nations, is now beginning to build?

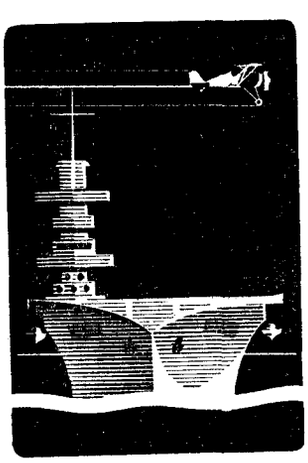
by Wayne Francis Palmer

WE are entering into the greatest naval building era which this country has known, and while many millions are being soundly invested in ships that are the best national insurance that our money can buy, yet we are also squandering a great many more millions on freak craft. This problem is yours as well as that of the officers at the Navy Department because you will pay the bills.

Over the next year our naval construction problems will become of greater and greater importance. Preliminary conversations are already under way for a new Naval Limitation Conference. There is no problem that the world faces which is loaded with more international dynamite. The stake is the safety of the nation and even the supremacy of the white race.

While Japan is successfully bullying the white nations of the world, as well as China, on one point she is doomed to failure. She has announced that when the leading naval powers again meet to establish the number of men-of-war that each shall be permitted, she will demand equality with Britain and the United States. She has, in fact, if not in form, announced the termination of the existing ship treaty. She is within her rights to do so during this calendar year. Only she is wrong in expecting that she will later attain parity.

While the Japanese are doing the talking, our naval officers are thinking and working like beavers, but in complete silence. They fully sense the crisis which is approaching and their best thought is directed towards putting our fleet into condition to meet it. Certainly they will not further Japanese designs by permitting her a great increase in sea forces with which she can make war on us. The inevitable outcome it now seems probable will be that there will be no renewal of the Naval Limitation Treaty.



President Roosevelt promptly upon taking office realized that the brusque diplomacy of the Hoover Administration in the Far East, backed up only by a decaying Navy, was but idle and dangerous talk. He, therefore, decided to keep silence and build ships. One-third of a billion dollars was allocated from Public Works funds and the keels of many sorely needed ships have been laid. This was, however, the merest curtain raiser to the big two-act show that was ahead. We face a bill for three-quarters of a billion dollars for the initial construction cost of the ships authorized by the forward-looking legislation of the Vinson Treaty Navy Bill. The President has retained the right under this Bill to determine what types of ships are to be constructed.

We will no sooner have launched that vast program than we will be called upon to make provisions for the complete replacement of our present battleship force. That will require a little more than an even billion dollars. Therefore, the total expenditures that we face for new men-of-war exceed two billions.

The editor has asked me to discuss frankly the question of naval construction. Some of the questions raised were: Are we to build more battleships? Are they a thing of the past like the oversized, clumsy dinosaurs? Has the airplane made them obsolete along with all surface craft? What is the true value of the 10,000-ton, "tin can," treaty cruiser? Are millions more to be poured into the laps of the ship builders to continue this type of ship? Are destroyers useless? Do we actually need a hundred more of these little craft immediately? What is the value of our submarine fleet under war conditions? What is the truth about airplane carriers?

These are the principal questions that are in the minds of every man or woman who gives thought to our sea defenses.

It must be remembered that since man in his struggle with his kind first supplemented his power to swim by resting his hand on a log and hiding behind its protective surface as he hurled stones at his adversary, another endless battle has continued. It has been bitter and relentless. It is not the battle between the dour conservatives and the brilliant inventors as certain air-minded writers of the martyr complex would have the nation believe. The actual battle rather has been fought between offensive improvements in weapons and defensive means against these improvments. First one faction, then the other is ahead, but the race always goes on.

In this way the log became a raft; the raft a dugout; the dugout a canoe, and finally the canoe took to sail. It grew in size and design. The lance and the sword fell before Greek Fire, which in turn gave way to gunpowder. Boulders gave way to cannon balls, but their period of control was cut short by the shell. Rifled guns replaced

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the smooth bore. Sails gave way to steam; the paddle wheel was replaced by the propeller. Wood in time played second fiddle to iron but not for long because steel and armor plate supplanted it. The mine and the torpedo holed the steel, so the interior of the ship was divided so minutely into small water-tight compartments that they could only with difficulty be sunk. The armor-piercing shell was next developed and made all existing ships out of date. The next ships had heavier armor, and that put those shells into the scrap heap. Torpedo boats were to make all battleships obsolete, but destroyers made the torpedo boats obsolete. Submarines were to wipe the sea clear of surface men-of-war but speed, depth charges, and water-tight integrity of hull construction precluded this. All of the above weapons and improvements have had a century or more of evolution behind them. As each was introduced its advocates announced that it would sweep the seas clean, and to be sure it did for a while lend an advantage until some alert inventor found the means to checkmate it. Today's ships and weapons are the result of this indefatigable, age-long battle for supremacy.

We have recently developed a new and powerful weapon: the airplane. While it has not as yet proven itself in a naval war it is certain to exert a great influence in future engagements because of the many new factors that it introduces. It will not, however, wipe the surface craft from the sea.

The facts are that our existing battleships, designed even before the airplanes had become a serious factor, can better than hold their own against an air fleet. The battleship is no drifting jelly fish, helpless to the whims of the fighting planes. The protection of ships from the air is not new, for the angle at which a bomb hits the deck of a ship is much the same as that of an enemy shell. Long ago our naval designers provided a heavy armored deck just above the water line to stop these shells. It must also be understood that while a shell will penetrate heavy armor, a bomb will not. The bomb can do great superficial damage to the light upper works and to the small guns, but its chance of doing serious damage to the vitals of a battleship by a direct hit is slight. It develops its greatest offensive power when it explodes below the water alongside the hull. Then it acts just the same as a mine or torpedo, but the trick of placing it in that position from the air lacks the accuracy of a similar placement by the torpedo.

Each battleship has a powerful anti-aircraft battery of eight rapid fire guns which can place their controlled fire with surprising results. Reports from the fleet as to their rapidity and accuracy are amazing. Foremost, however, as a defense against enemy planes are the planes that accompany the ships as part of their offensive and defensive equipment. Like will seek like in naval battles. The only offensive answer to enemy airplanes is an adequate flight of our own planes.

If the future proves that our nation has neglected to fully develop its air possibilities, and the enemy is permitted to wipe out our air forces by superior numbers, or by better equipment and flyers, then we must expect punishment for our ships which added to the heavy shells of the enemy battle fleet may determine the issue. There must be, in building our fleets of the future, no neglect of the air arm because it is a vital, integral and indispensable branch of the naval service. The control of the air at sea must supplement the control of the surface. Risking control in one element is risking control in the other.

There has been so much misinformation given to the press regarding the abilities of airplanes against battleships that the facts should be stated. There will be no hordes of bombers available to rain down a continuous succession of death. *The total number of fleet bombing planes that are available today at sea for offense in battle is only fifty-five. Yet one thousand planes are maintained afloat and ashore to make this possible.*

Like the serpent, once it has exhausted its poison, the bomber ceases to be a menace for a considerable period. Having dropped its load of explosives it is of no value for well over half an hour while it is returning to the plane carrier, reloading with its one thousand pounds of bombs and returning to the attack. During this interval one battleship can hurl forth twenty-five hundred tons of steel and high explosives. Each of its one ton shells will fall with an accuracy equal to the best that the plane will be able to show when it returns with its half ton load.

A proper perspective on the value of aircraft against the battleship is given by one of our outstanding naval officers, who says, referring to all bombing experiments that have been held to date against ships: *"There is a failure to appreciate that under the same conditions of attack, a single destroyer or a single submarine could sink the ship in less time than was done by a whole flight of aircraft, and with much less expense and waste of ammunition."*

The battleship today is a rugged warrior. It can withstand five or six hits by torpedoes or mines. It can stand fifteen to twenty hits by the largest explosive shells. For comparison, it is considered that a five hundred-pound bomb will do three-quarters as much damage as one 14-inch shell, while the one thousand-pound bomb will do as much damage as one and one-half 14-inch shells.

It may be stated that the officers of the Navy Department who determine the policies are almost unanimously in favor of the continuance of the battleship in our naval construction program. Their reasons are simple. The battleship can, through its great guns, pump out more destruction and consolidated hell in a short interval than any other ship. At the same time, over a prolonged period, it can take more punishment than any other weapon. It is capable of sustained effort. It is no sting and run agent. It is the type of ship which will bear the real brunt of battle, and on it depends the fate of the nation's sea power. The instrument has not been discovered which can replace it either for offense or defense.

While the rest of the maritime nations of the world will argue for substantial reductions in the size of the battleships, it is to our advantage to keep them as large as possible. We can expect that for the next year this country will be inundated with propaganda from foreign sources, direct and indirect, all explaining that the giant battleships belong to the limbo of the past. The bulk of this false information will be disseminated from London.

The more closely that Britain can make the most pow-

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erful man-of-war afloat approximate the ships of her great fleet of merchantmen, the greater will be her domination of the sea. Her fast and splendid passenger vessels are in fact cruisers of the British Naval Reserve. They are built in large part by funds made available by the British Admiralty. Plans for these ships have been approved by that agency. Their war function has been determined, and six-inch guns are resting in navy yards ready to swing on to foundations already built in these ships to receive them. Super-structures are designed for ready removal to expose great flying decks. If we were to follow Britain's advice and reduce our strongest men-of-war to the heavy cruiser, or even the pocket battleship type of Germany which has excited so much comment, we would find our theoretical parity with Britain reduced to an insignificant fifty per cent of her power because many of her merchantmen would be comparable to our best men-of-war. As against Great Britain, we would be driven promptly from the seas.

Japan will also finance a hidden campaign in this country in favor of smaller capital ships. It has been said that the superiority of the white race lies, not in manpower, but in advanced science and the weapons that science has evolved. In the case of the Japanese we have not only foregone these advantages but have made these weapons available to her and have instructed her peoples in their use. Now as she rushes on her headlong course of regimentation of the yellow races of Asia, she challenges the white races of the world, both economically and for military supremacy.

Having denied ourselves the protection of the weapons of science, we must exercise the one weapon which is left to us—wealth. Japan can stand the pace of naval competition today only because we foolishly agreed in treaties to set such a limit on construction that she is encouraged mathematically to challenge our world position.

It is the consensus of the experts that the Navy Department will propose the construction of battleships that will have fifty per cent greater gun power than the most powerful that we have today. They will be at least one-third greater in size. They will have a speed of 22 knots and a cruising radius of 12,000 miles that will permit them to cross the Pacific and return and yet have sufficient reserve fuel to perform any assigned tasks. The storage space for supplies and ammunition will be greatly increased. They will, of course, be strengthened against attack from the air for while this form of attack will increase in vigor, the ships must be made effective against it. The water-tight compartments below the water line will be so reduced in size that it will be possible for the ship to be struck by a dozen torpedoes or mines and yet maintain full speed on long cruises without concern for the safety of the ship. Provisions will be made for protection against gas shells and gas screens even though this can never develop into an important form of attack at sea. Long, low in the water, lean, these ships will disprove that the battleship is a thing of the past but rather that they stand as a powerful national bulwark in the time of need.

These ships will be supplemented with a force of battle cruisers that will sacrifice some of their defensive armor for a speed as high as forty-five knots. Their power plants will be greater than those of many of our cities. They will exceed 1,000 feet in length and will be the fastest and greatest ships afloat. A squadron of these units acting in coöperation with the world's two finest aircraft carriers, the *Lexington* and the *Saratoga,* will form a striking force that could hurl its pent-up power at any point on the globe without a stop en route for supplies or fuel.

Our naval designers labor under a handicap in all classes of ships. They must be independent of refueling bases because of the failure of our diplomats and naval authorities in the past to sense the fact that overseas bases are almost as much of a factor in sea power as are the ships themselves. Our disadvantage in this places us in a unique position with other maritime nations of the world.

A new type of ship must soon appear. It is the cruiser mine layer. Neglect on the part of the agency responsible sees our submarine mining facilities, which at the end of the World War had the lead over all the world, now sunk to insignificance. France, Italy, Japan, and England have all developed special ships of great speed to serve this powerful weapon. Only our own mining people would be content to use two last century relics whose wheezy old engines cry in anguish when they reach sixteen knots. These two venerable old timers are reputed to have made twenty knots at their trials in 1888.

These new mine planters must attain speeds that will allow them to maneuver around the fastest ships of any nation. They will be all engine and mine storage space, and they will be of shallow draft and be built as close to the water as safety will permit so that their visibility will be reduced to a minimum. Their only defense will be their speed and anti-aircraft battery. Only aircraft will be able to keep up with them. It will be their function to dash unattended into enemy waters or around the head of an enemy fleet and sow their deadly cargo.

Our most beautiful new ships, the 10,000-ton cruisers, are, according to the belief of many in and out of the Navy, but a snare and a delusion. They were conceived in controversy, were built with doubts, and are used in service under misconceptions. It is generally considered that they were the outgrowth of the contention that surrounded the Geneva Conference. We argued against such large cruisers with only six-inch guns and insisted on eight-inch. The argument having been started we could not back down, so all the world must build these ships which are too large for cruiser duty and too small for duty with the fleet. Certainly they are not the result of a logical analysis of naval requirements.

They are an example of the outgrowth of artificial control. When it was decided not to prohibit submarines, Britain insisted on arming merchantmen with six-inch guns which were heavier than the submersibles mounted. Then the United States insisted on these heavy eight-inch cruisers so that we could clear the seas of the six-inch merchantmen. This is their primary task. They should be able to do this, but at much greater expense and with no more certainty than smaller ships. Their slow acting guns are entirely too small for such expensive hulls, while their power plants are three and a half times as great as our largest battleships.

After we were well along building these ships it was sensed that rather than an advance in naval evolution they were a reversion to the old armored cruisers abandoned before the war. Yet today we even include them in our battle organization.

We forget the sad lesson of Jutland, where the British cruisers the *Defense,* the *Black Prince,* and the *Warrior,* under Admiral Arbuthnot, steamed into the thick of battle.

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The *Defense* was the first to go. Immediately after they were under fire, a sea of flame flowed beneath her fore turret and then there shot up an immense column of fire, black smoke, a mass of debris, and spray. When the mist had cleared away there was no sign of the ship. It had been blown to atoms along with the entire crew. At the same time the *Warrior* was terribly hit and steamed out of battle only to sink the next morning.

Just what happened to the *Black Prince* remains one of the great mysteries of the sea. With two hundred and fifty ships crowding about, she completely disappeared with no certain knowledge of her fate. She took with her thirty-seven officers and 820 sailors, yet no man can say with certainty what conditions accompanied her going. No body or wreckage have ever been found.

It is thought that the *Black Prince* was injured during the afternoon engagement and after floundering about for hours, again appeared in the midst of the German battle fleet that night. It was reported that an unknown cruiser, a blazing mass of wreckage, drifted slowly down the German line. She was on fire below and aloft. The flames shot up to her masthead and the hull was glowing almost white from the heat of internal fires. Every few seconds exploding ammunition sent up cascades of golden sparks. Suddenly the night was split by a blinding flame as the magazines blew up; then all was darkness.

A full understanding of this story is vital, for those three armored cruisers were the only ships of that type in the battle. They carried larger guns than our treaty cruisers, and their protective armor was heavier. Following that catastrophe, during the war this class of ships was barred from the fleet.

These new cruisers are the ships against which airplane attacks can be most effective because they cannot withstand the explosion of a single large bomb either on their decks or alongside. These ships will offer the great heartbreaks of the next war. They are large enough so that their destruction will be a calamity of major importance. In England these heavy cruisers are well called "coffin ships."

No more of these eight-inch gun ships are to be built because of treaty limitations. We, however, had 70,000 tons of cruiser tonnage available so to cap the climax construction is now under way or is authorized for *seven 10,000-ton cruisers with fifteen six-inch guns.* There are cases in naval history of freak designs and military monstrosities, but never has a nation been committed to an expenditure of one hundred and twenty millions for ships that are more out of line with actual requirements.

Halt should be called immediately for these are the very ships that we argued against at Geneva. Construction has only begun, but it is not too late to correct this error. In 1922 we scrapped a third of a billion dollars of the finest warships the world has ever seen at the insistence of Great Britain and Japan. Certainly we should be able to scrap the two per cent that has been completed on four of these futile, illogical, vastly expensive, over-sized craft with the little guns.

No sooner will the next war have started than we will be sorely in need of cruisers for patrol duty on the high seas. This is one of the great functions of naval war. On all lanes we will not need those vast floating, palatial laboratories of ten thousand tons but rather snug little men-of-war, efficient in operating expenses and men. We should build with this 70,000 tons, twenty-one 3,300-ton cruisers, each one of which would have equal speed and cruising radius with their handsome and large but flabby and feeble sisters. Each little ship would carry five six-inch guns. Their numbers would far better serve the national interests. If the fifteen six-inch guns are required concentrated send three small cruisers; if not send them on their separate ways. Many of our leading naval officers are rightly bitter over this dissipation of our limited tonnage on these "show boats" when it may so soon be needed for military requirements.

The happy ebullient little destroyers are following a gradual evolution. The new boats will be increased in ruggedness, armament, fuel-carrying capacity and speed but only slightly in each instance. They are the most useful of all naval craft and will continue to be the watchdogs of the sea as well as the jack of all trades. There never can be too many of them. Yet, their small size makes it possible to class them as expendible material. As they meet their doom they will carry no national stigma.

In one feature of these boats our naval designers must be criticized. We are content to build destroyers ten knots less in speed than those of France and Italy. It is true, that these nations do not face the vast distances of the Pacific, and it is likewise true that we must provide fuel capacity to cover these distances, yet it would appear possible to meet both the fuel and speed requirements. A ten knots' handicap in a race for life or death lays too many bets on the latter. Our designers, however, hint that at the speed trials of our new boats we will be deeply gratified at their excess speed over and above the thirty-five knots contract requirement.

To say that our situation in regard to submarines is unfortunate is being kind. To say that we have the worst submarine fleet of any of the leading naval powers is being frank. This is in spite of the fact that we have the largest fleet of submarines of any nation. This is partly due to the fact that most of our submarines were laid down, or contracted for, as part of our early war program and consequently we lost the chance to incorporate to the fullest into these boats the results of war experience. It is also largely due to the very unfortunate situation that finds only one independent submarine builder in the United States. The lack of competition has been at the bottom of our submarine difficulties. We must be frank. Our submarine problem is a grave one. We are more backward in this important phase of sea warfare than in any other with the exception of submarine mining.

While France has the finest underwater craft as regards material, the most effective submarine fleet today is that of Japan. With excellent boats, a keenly trained personnel that is well suited by religious outlook and temperament for this hazardous type of warfare, she offers a formidable underwater opponent.

In recent years we have completed nine fleet submarines which as their name signifies are fleet adjuncts. Of late our entire submersible construction has gone to this end only to establish the fact, that was known to our people who served during the war with the British Grand Fleet in the North Sea while similar experiments were being tried, that submarines cannot operate with the fleet. They are too slow and too often the victims of collisions.

It now becomes necessary to abandon this type in favor of a much smaller, faster diving and more flexible craft. Yet in all discouragement, the Navy of the nation that

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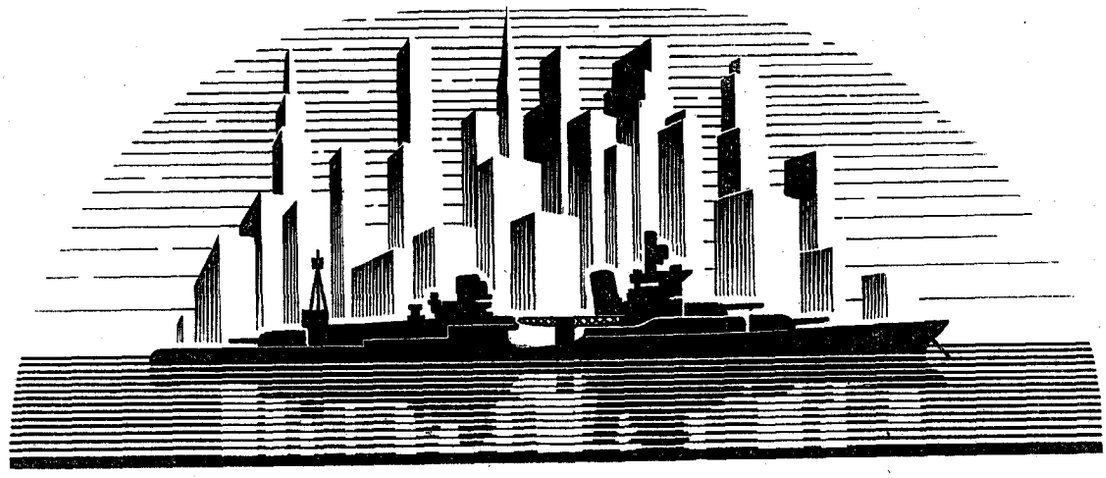
designed and built the first practical submarine over a third of a century ago now confesses that until we can develop an effective engine our future in these craft is doubtful.

The airplane carrier offers a difficult problem. There can be no question that the more planes with the fleet the stronger is that fleet. The airplane carrier is the only solution to assure mass flights with the fleet at distant points at the time required, yet the carriers are the most vulnerable ships among our fighting craft. There is hardly a war game in which these ships are not technically destroyed.

Construction of new carriers has been approached with caution and the three now projected will be the result of exhaustive tests. They will be smaller than the great *Lexington* and *Saratoga* because our naval officers hesitate to put too many eggs in one basket. While they will have anti-aircraft and small broadside guns, their chief weapon will be their speed, but that can hardly serve against their natural enemies—opposing aircraft. At best the value of these ships is speculative.

Each step forward in our naval preparation must be taken advisedly and surely. We are now building and planning our naval defenses for the next fifteen years, or even longer. We must follow no fadists. No one invention will supplant the experience of centuries. Navies are the result of gradual evolution.

There are today, as there always have been, Pied Pipers whose sweet notes sound the arrival of some single, some cheap, some easy way to replace the accumulated experience of the ages. Those who are responsible for our sea defenses: the President, Congress, the Navy, and the people of the United States, must not follow them into the dark cave of Error.



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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

ALL'S FAIR. By Captain Henry Landau. $3.00. 329 pp. New York: G. P. Putnam's Sons.

WHEN A MYTH becomes sufficiently established, there always seems to be an opportunity for at least one good book which will bring it back to earth again. Not only in the sense of debunking the myth, for that requires no expert knowledge, but of substituting for it one based on real experience rather than romance. The most amusing of such books recently published was Peter Fleming's "Brazilian Adventure," in which the author at once burlesqued the traditional travel book and wrote a much more exciting one of his own. While he was telling you that there was no romance to it, little excitement and none of the emotions the authors of travel books led you to expect, he was incidentally making his own adventure increasingly hazardous, increasingly tense, and above all real. With somewhat the same attitude, Captain Henry Landau now supplants the routine spy story, with its secret codes and stolen documents, with a factual account of how modern espionage is carried on—and though the old melodrama is lacking in "All's Fair," the book has the more lasting excitement of authenticity.

Captain Landau dismisses the romantic aspects of spying very quickly. Maybe the Mata Haris were able to walk off with secret maps, or so bedazzle the Allied Generals that they confided all their plans, but it seems most unlikely. The public could get excited over such sensational stories, but for the men doing the real work it was just so much newspaper gossip. In fact, when two Russian friends of the Captain once offered to secure some secret documents for him, he left promptly and never saw them again. For one thing, he enjoyed these friends because he thought they had no idea of his work, and after a hard day's spying he liked to relax and talk about music.

And then there was something fishy about the whole business—that wasn't the way it was done. Captain Landau was an engineering student when the War broke out, and after serving as an artillery officer was suddenly, to his own surprise, given the task of establishing the military section of the British Secret Service in Belgium and Northeastern France. Wearing no disguise, pretending to be what he really was, an extremely young and inexperienced officer, he had a major job to do in establishing a secret organization behind the German lines. It was hard work, well-paid but hazardous, essential but of dubious value, like all the great organizational enterprises of the war.

When the Captain got to Rotterdam he found that the existing organization had been unmasked; most of the agents had been arrested and no information was coming through. He set up shop and began to buy secrets as one might purchase tomatoes or opium. And it is his careful record of the machinery of espionage, the day-to-day drudgery of discovering secrets, that gives his book its fascinating authenticity, just as it was Peter Fleming's record of the drudgery of adventure that made "Brazilian Adventure" an exciting travel book.

These spies worked methodically. There were ciphers, signals and hair-raising escapes, but they were sidelights. When they really wanted to learn something, there was a simple and effective way to learn it. They bought their information. Captain Landau had a practically unlimited expense account, so long as the necessary information kept coming in to justify his expenditures. Of course, when he could get a bargain he was glad to get it, but money was, essentially, no object. He would have given a fortune for a copy of the German Field Post Directory, for instance, because it contained a complete list of every German unit, and more pertinent information on the German Army than thousands of allied agents had been able to collect in three years. But he got one for only a hundred pounds. Nor was it stolen from some general's tunic, or secured through the loving devotion of some Mata Hari. No, a postal clerk happened to pick it up, and brought it to the British Intelligence Service because he needed the money.

Perhaps this will give some conception of Captain Landau's approach to his subject. Strangely enough, little adventures of this sort emerge as no less exciting than the waiting-confederate, secret-document school of spy stories. It is a different sort of excitement, however, and all the more compelling because it never gives you the feeling that a little fact has been stretched to make a great romance. And after an initial shock, this excitement is increased when you learn the sort of dull and commonplace information for which the agents risked their necks. Not codes, not maps, not photographs of fortifications, but train schedules. The allies wanted to know which directions the Germain trains were running, and how frequently they passed. So Captain Landau and his agents set up—"mounted" was their word for it—hundreds of "train-watchers," agents who simply listed train movements past some particular point, noting their direction, number of cars and general contents. These reports, more precious than diamonds and more dangerous than dynamite, were smuggled across the frontiers; and hundreds

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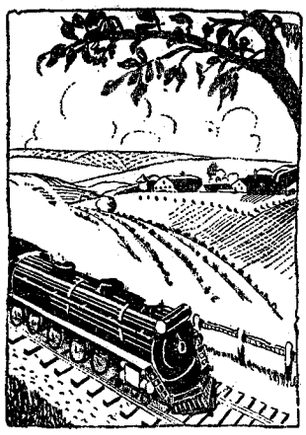
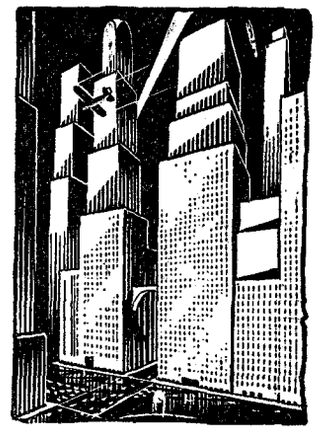


Talk of the Nation



You're Welcome

BACK IN AMERICA'S YOUTH, the visiting Englishman who came to our shores for the sole purpose of making caustic remarks was a common and accepted phenomenon. We were young, struggling, and crude, and we knew it; our own more refined minds admitted it freely. Charles Dickens, it was generally agreed among nice people, amply repaid thousands of dollars in lecture fees and boundless hospitality by writing his *"American Notes"* on his return to England. All Americans boasted, swindled, drank, chewed tobacco and spat on the floor. They were loud, wasteful, empty-headed and generally a strain on the nerves of cultured visitors from the Old World. And the cultured visitor came, saw, reported all these things—both to the shocked amazement of his kin at home and the shamefaced confusion of his soul mates here.

In fact scores of literati otherwise disqualified made a good living out of books, articles and lectures made up of superior smiles, shrugs and raising of the eyebrows. It was as good a racket as any. First you came over here and lectured. You kept your eyes and ears open for cultural horrors on the way, collecting them carefully in little black notebooks. Then you went back and lectured or wrote on this material, thus closing a circle that was both profitable and entertaining to all.

It has been going on ever since America became a nation. Historically, the incidence of these waves of foreign candor is interesting; it follows a definite pattern. This pattern depends on how America acts towards the outside world. Immediately after we broke away from England in the Revolutionary War, the United States was the Land of Freedom and Liberty, dreamed of by all liberals, intellectuals and right minded progressives. The War of 1812 began the change. After America decided to resent Continental and English bullying, the remarks became a little less friendly. The Civil War, when many Englishmen devoutly hoped that the North would lose, gave the flow of criticism its first great push. Our foreign policy was stiffer after Lee's surrender; naturally it irritated the conservative strangers—and naturally they took their irritation out in pointing to our defects and errors as a nation, a people, and as builders of a culture of our own.

The World War put a temporary stop to the glad discovery of our faults. While there were many private jokes about the Doughboys, everybody was glad they had come and agreed eagerly that America was Saving Democracy, the World and Civilization. It didn't matter then what crudities came out in the process; they were permissible, if not actually charming, eccentricities in the Young Giant of the West. The world was under considerable obligations to him.

But when the War ended the fun began anew. This time the cry was standardization. Fords and bathtubs were creating a cultural desert between Canada and the Rio Grande such as the world had never suffered before. Again considerable native support was offered to the searching critics. *Main Street, Babbitt* and the like were guidebooks and encyclopædias to the missionary from Europe, containing everything you needed to know about the United States.

Perhaps the awe and wonder at our Prosperity rash, which, you may recall, we suffered from a few years back, slowed the flow of foreign candor a little. Now it is rising again. America has been crudely minding its own business for some months of late. It has been refusing, as vocally as its newspapers and politicians know how, to get involved in another European mess. And it has been difficult, if not downright rude, about the debts, to say nothing of refusing to lend more money to bankrupt governments that need it desperately for more battleships, for more guns and for more soldiers. All this annoys the distinguished foreign visitor, and makes him extra sensitive to our faults.

We have in mind a specific example of this Old World frankness, one that appeared recently in an eminent contemporary, the *"American Spectator."* Designed as an exposure of Deplorable American Manners, it has all the earmarks of the standard attack. According to the Visiting Englishman who wrote it, Americans do not say "Thank You." (Nor do they say "Sir," but our critic hadn't really expected that.) Now in England, it seems, they say "Thank You" all the time, and they add the "Sir" to it instinctively. This is a charming and civilized usage, and the Englishman apparently asked himself why we should not follow it. He decided to try an experiment; if the natives would not say it, he would. So he went about his daily tasks, buying things, ordering things, getting off subways and street cars, and supplying the "Thank You" every time himself.

The results, according to his report, were staggering. A department store saleslady exclaimed (first shifting her gum), "Gee, that's cute. I bet you're an actor, on your way to Hollywood." A porter stared at him and mumbled something that seemed to reflect on his moral standing. Others simply gasped or were so taken aback that they guffawed in his face. Generally the experiment was a failure. Not only were

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Americans incapable of saying the gracious phrase, but they couldn't understand it when spoken to them. Obviously a crude race, unfitted for civilized contacts.

This, we submit, is a characteristic example. With the waves of tourists coming to enjoy a depreciated dollar there will be others, but this one is good enough for our purposes. Let us analyze it briefly. Here we have a distinguished stranger visiting us and returning with the most lamentable impressions of our country. This is depressing enough, but still more depressing is the fact that the distinguished visitor's impression is completely and unconscionably wrong. Salesladies are under strict order to say "Thank You" as many times as they can work it into the transaction. If they chewed gum on duty they would be instantly discharged. Porters and all other kinds of attendants are the politest professionals on earth; they hope for tips. And all the other kinds of public employees are polite too; they have been so trained in the idea of Service that it has become second nature to them. America long ago discovered that large hunks of flattery to the customers will work wonders on the pocketbook; the grimmest efficiency expert born knows this. Business deals in politeness just as much as it deals in goods, and consequently our Visiting Englishman is wrong. People say "Thank You" in the United States.

Now it is not this particular visitor's one complaint that bothers us. It is not even the tiresome attitude behind his complaint, or the stale old formula for interpreting the United States that he shows. Let all the distinguished foreigners in the world come to us, and let them criticize all they will—criticism is good for the soul. We do it ourselves, almost as enthusiastically as they do it in Russia, where self criticism is a rite. But, we insist, let them get their facts straight Don't have them bawl us out for things that never existed. The best of them are guilty of just such mistakes, and worse. J. B. Priestley, for example, returned to England to tell about the popular novels he saw lying uncut on American library tables, in spite of the fact that uncut novels are not published in this country. Dozens of others go back home to tell about the spittoons they saw in Park Avenue drawing rooms. Still others love to tell about the Americans who offered them straight gin for breakfast. If we are going to have a new dose of foreign visitors, all armed and ready with eyebrows up and noses down, surely the least they can do is to get their information straight. We are a proud but not an unduly sensitive race. We can stand up and take it with the thickest skins of all, but we do like to have the strictures based on fact. It seems little enough to ask.

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Technological Unemployment

LEARNED PUNDITS have told us time and again how much havoc the machine has wreaked on human beings. It has thrown them, it seems, out of work and put them on breadlines and lowered their morale and generally done everything possible to make their lives miserable. It has destroyed whole families—and well, done a great deal of harm.

Recently we had the chance to see just such an example as the pundits love to talk about. The example was a man, a big strapping man at or about the prime of life. Muscles bulged all over him. His fists were almost as big as an ordinary person's head, his chest hairy and everything else in fitting proportion. And he stood up at the bar (where the department was having a modest beer), drinking Whoosis Rye, a Blend, at a rate that would have caused any ordinary person's stomach to drop out completely.

He was a blacksmith, he told us between masterful gulps of the alleged whisky. And what was more, a damned good one. Him and his helper, back in the old days, could turn out the neatest pair of coach springs you ever rode on in something less than ten hours continuous work. Not like these little worms that stood up alongside a press and turned out a hundred pair a day just by pulling a little lever. Them was springs, that he made. They lasted four times as long as the coach and they could take a bump too, where the machine spring had to have a bloody boulevard or go to pieces. Not to speak of horseshoes, all of them made by hand and the nails handcut too. Now they made shoes on a machine and run off enough in a week to keep all the horses in the eastern states shod the whole season.

We made sympathetic noises, and also motions towards buying this machine age victim a drink. It must be hard to see your life's work going out from under you like that. It was. Were there any horses left, now? Well, only a few. Not more'n a few hundred, probably, in all this city. He gestures toward the city. We clucked again, sorrowfully. Did we ever know he had been head blacksmith to the great Whitney stable? Those were days. Half a hundred thoroughbreds, all wanting the finest lightest shoes, and he had made them. Six years, and up at Saratoga too, he'd been No. 1 blacksmith to half the stables in the country, pulled down a hundred a month and a little bonus on winners as regular as clockwork. And plenty of beer, too. Not the stuff we were drinking now, that was for young ladies and sissies who had nothing better to do with a day.

We ordered a rye—two of them this time—and looked more sympathetic. It must be tough, getting a blacksmithing job nowadays. It was tough, he knew all about it. Had he ever tried his hand at anything else? No, that was tough too. Some of the boys had tried making ornamental ironwork and cages to keep babies from being kidnapped and fancy bottle openers and stuff like that but not him. He'd stick to his trade and even if it never came back he'd stick to it still. Let the other men go out tramping for shoeing jobs in the country if they wanted but he'd stay right here in the city even if he wasn't working now and maybe wouldn't for a while.

This was courage, guts, what you will. Jobs must be scarce here. Yeah, they were. How many blacksmith's places were there left in town? Four. Had he tried them lately? Wouldn't do himself any good if he did. No? No—he owned 'em—all four of them. Let's have another rye.

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Treasure Plus

OUT ON THE WEST COAST, where climate, general strikes and amiable eccentrics flourish, a new treasure hunt is under way. The organizer bears the proud name of Morgan—direct descendent, so he tells us, of the late great Sir Henry who accumulated much gold and many sins in the Caribbean of buccaneering days. The expedition which will find Sir Henry's gold sets sail as soon as money and a crew can be found to equip the good ship "Saxon" for the voyage to the Isthmus and boundless wealth.

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The wealth is there, no doubt of it. Mr. Morgan has a Map, bequeathed to him by his aged father. The story of this Map, is in its quiet way, dramatic. Before he became Treasure Finder to the Far West, Mr. Morgan followed the arts—was, in fact, a tatooist, on San Francisco's waterfront. One day, while Mr. Morgan was diligently pricking out an Eagle or some crossed hearts or something of the kind on a sailor's chest, the postman came in with a large and much sealed envelope. Mr. Morgan opened the package wonderingly and a large roll of parchment crackled in his hand. On the parchment were explicit directions for uncovering Sir Henry Morgan's hoard: ". . . follow this half a league northly . . . 600 footsteps the bayou N . . . 100 paces the gulch when is all save the jewles which I bringeth by own person, buried beneath a mondde of roques on which we did burn the slaves with a great fyre." The slaves, poor fellows, were used for markers after the burning, and their skeletons still point the way to the iron bound chests.

This happened back in 1919. Since that time Mr. Morgan has been trying to find himself a ship. His first effort was balked by a recalcitrant partner, who, after putting a large sum into the venture, grew unaccountably timid at the last moment and decided to withdraw. Years of litigation followed, the partner was short-sighted enough to demand full repayment of his investment, ignoring the millions almost within his grasp. Since that setback, Mr. Morgan has had to accept all sorts of temporary and often humble positions. But he has not been discouraged apparently. He has plugged steadily ahead to his objective, and now is again in the market for recruits—adventurous, hardy souls who will risk all for easy fortune.

In the meantime he has improved the waiting years with still another art, this time the noble one of poetry. Mr. Morgan, like many other imaginative souls, has been lyrical about life and love—but more particularly about the New Deal. Working on a C.W.A. project at Lake Merced (near San Francisco), the heir to Sir Henry has shown his deep feeling for the Administration in a book of verses. Incidentally, applicants for places on the treasure ship's crew, if they seem sincere, receive a copy *gratis*. As an example of the way right-minded people feel about the many government blessings that surround them, Mr. Morgan's poem *"The Merced Project"* should be quoted, if only for the benefit of destructive critics and indifferent legatees of Federal bounty. It runs:

"There's an object in the Merced
Project
That's going on 'round the Lake
That thousands of men and women
May improve their fate—
Who of late
Have been down on their luck.

Mr. Roosevelt said:
'Tis better to be living than dead,
So he put out some money
To help us buy honey,
If we'll work for it 'round Merced.

So like good citizens we come
One by one—yes, ten thousand and
some,
To earn some money that will buy us
the honey
To keep us alive and not be dead.
Thanks to Mr. Roosevelt
And Merced."

The volume is, fittingly enough, dedicated to Mr. Roosevelt. There are dozens more poems in it, all highly appreciative to the President, the Brain Trust, and the New Dealers *in toto* for what they have done. Mr. Morgan has created in prose, too, and is working now, *by invitation of the publishers,* on a history of the famous Morgan family. In fact, part of the treasure hunt's object is to gather more material for this and other forthcoming works. The gold of course is there, but on the way our tatooist, poet, New Deal supporter and No. 1 treasure hunter will use every minute of his time to good advantage.

Advance royalties on the Morgan family history are expected to help finance the expedition to Panama, but in the meantime any person desiring to go along as crew member and subordinate bullion finder will be welcome, should be decide to bring a little cash with his enthusiasm. Seamen's articles are all ready to sign. In addition, Mr. Morgan requires a secretary, typist, proofreader and assistant author. The pay is naturally honorary, but the prospects of sharing in 17th century pirate loot should more than make up for any salary shortage. And, as Mr. Morgan points out at the end of his letter to all applicants, even if they don't find the treasure in coin and bullion, the trip will be worth while, for all the members of the crew from cabin boy up will be permitted to write just as many books, articles, stories and poems about it as they can.

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The Schoolmaster of Dearborn

FIFTEEN YEARS AGO Henry Ford said that the history of our public school textbooks is "the bunk." He has long displayed an impatience bordering on contempt for the methods of our popular educational system.

Therefore it becomes a matter of moment when, as the largest individual exhibitor at the 1934 World's Fair, Mr. Ford assumes the role of schoolmaster in history and does so on a scale so vast that his pupils number millions and include even the wife of the President of the United States.

Mr. Ford went into the World's Fair avowedly to educate. Even the neatly clad young men in charge of his automobile display room there are required to confine their efforts to the polite giving of information, when and as the visitor requests it. One may hear instructive lectures in Mr. Ford's big white building on the growing of rubber, the mining of copper, the cultivation of soy beans, on the many virtues of sillimanite et cetera, but contrary to all of the time-honored practices of World's Fair commercial shows the usual ballyhoo of salesmanship is strangely and satisfyingly missing.

One may argue that his exhibit is essentially advertising and that Mr. Ford is hiding an order book up his sleeve, the while he smiles inwardly at the rising demand for his cars. But there are the crowds, impossible to be ignored, and there also is Mr. Ford's industrial philosophy, his way to a betterment of farm conditions, his ideas on what makes progress and real business prosperity — ideas, incidentally, that are at odds with most of the pet theories of our upper officialdom at Washington.

Entering the Grand Concourse of Mr. Ford's main building at the Fair the visitor is introduced to a lesson in elementary economics. For five years he has been hearing of surpluses and overproduction, of the need of stabilizing this thing and that, of business recovery fostered by lawmakers and codes, of the NRA, the AAA, the CCC and a whole alphabet of other governmental agencies dealing with strange new theories and issues, until

(*Continued on page* 59)

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★ ARE THE GENERALS READY? ★

THE TRUE STATE OF THE ARMED FORCES IN EUROPE ***by Capt. Liddell Hart***

Clear—and startling—as though you hovered in an airplane above them yourself, the armies of Europe pass in review for you . . . their power and their philosophies analyzed graphically by Captain Hart's revealing pen. And have you heard yet of the twin spectres that throw new shadows of dread over land and sea alike?

★ HUMAN WASTE IN THE COLLEGES ★

by John R. Tunis

Is college today worth while? Do college students know more than high school students? Not even in vocabulary and spelling? Does a *magna-cum-laude* mean that the recipient is an educated person? Is the course-credit system an educational process or an elimination contest? If you take John Tunis' dumbfounding analysis of the "Pennsylvania Study" at face value, the answer is one of the most resounding negatives ever shouted across the country! Be sure to read it—it's the first of a series.

★ ECHOES AT LIVORNO ★

by Stark Young

Hauntingly lovely as the Italian evening and the sea silence which pervade it—this profound study by the distinguished author of *So Red the Rose*. And the young man who figures in it . . . who was "neither harassed, overworked nor passionate, but who gave you the curious sense of being almost exhausted by passions and movements outside of him" . . . every young American should stop long enough to listen to what the old *Monsignore* had to say to him. . . .

★ GIVER OF THE GRAPE ★

by Grace Flandrau

This is the story of what happened to the lovely Mrs. Meuchner in the country of N'Gala . . . "beautiful as any Bacchic deity, very giver of the grape." And of what happened, too, to the famous Dr. Meuchner, whose chief passion was the study of sleeping sickness beyond the Loro River. And of Paul, whose blood ran a little cold one day because in Mrs. Meuchner's eyes he saw suddenly a woman whom he didn't know—*and whom she didn't know either. . . .*

Other brilliant short stories, articles, features in the

SEPTEMBER

★ SCRIBNER'S MAGAZINE ★

★ ON SALE NOW ★

SEPTEMBER, 1934

BOOKS

(*Continued from page* 53)

of lives were lost, hundreds of thousands of dollars were spent, for those cryptic schedules which, in times of peace, you can get for nothing.

Moreover, the individual reports were meaningless. Only after thousands of facts were collected, checked with information secured from prisoners, coördinated with observations made at the front, did the broad outlines of the German's plans and troop movements become apparent. But the agents who watched the trains were shot if they were discovered, and if they were merely suspected were often tortured until they revealed the names of their associates.

It must be said that when Captain Landau gets off his subject, as he occasionally does, his book suffers, for he attempts some impressionistic writing or indulges in purely personal reminiscences which are vague indeed. His romance with the sweetheart of Mr. Z., for instance, is so confused you wonder why he brought it up at all. He met her after the War, fell in love with her and wanted to marry her, but nothing came of it, and in the end she went off with the mysterious Mr. Z. In somewhat the same way, his post-War experiences in commercial espionage, and his part in awarding the decorations to the Allied agents, seem unrelated to the bulk of the book. But for its factual account of the purposes and methods of spying in war-time, "All's Fair" is an extremely enlightening and valuable piece of work. If it leaves you with a faint, sick sense of wonder that so much resourcefulness and courage should be expended for so little gain, that is precisely the feeling Captain Landau intended to give; that is the explanation for his title. At this level of conflict, no illusions about patriotism, nobility or justice are possible. Their traitors are our heroes; our traitors are their heroes. You can't be a good spy, Captain Landau seems to say, unless you're a first class cynic.

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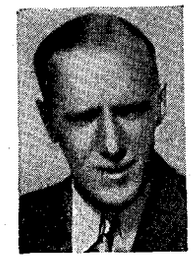
Books and Reviews

THERE ARE a number of new books which contribute to the growing interest in recent Chinese history, an interest which has been stimulated by Malraux's "Man's Fate," reviewed in these pages last month. Readers of that fine novel should be interested in Agnes



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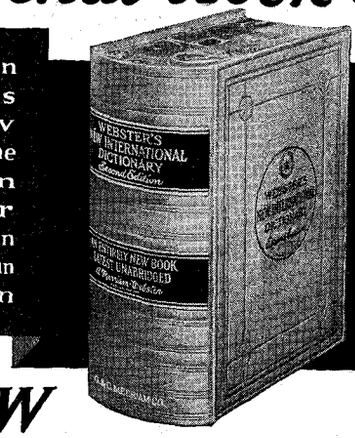

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Smedley's "China's Red Army Marches" (Vanguard) for it continues the story of the Chinese Revolution where Malraux leaves off; it begins with the defeat of the revolution in 1927 and carries through the period when the scattered survivors were hiding in the remote regions of the country, gradually consolidating their forces, now retreating from the Nationalist Armies sent against them, now emerging from the mountains in bold raids which yielded arms and supplies. The book is made up, like the same author's "Chinese Destinies," of brief episodes which illustrate the central theme, and though it is sometimes repetitious, it is an important contribution to a subject about which very little has been known. And about which, incidentally, we should be entirely in the dark were it not for Agnes Smedley's pioneering work.

In this same category is Victor A. Yakhontoff's "The Chinese Soviets," a scholarly and almost ostentatiously impartial analysis of the same movement—not an exciting book, but one of those books which reach exciting conclusions by the most cautious and careful steps. Yakhontoff begins with The Taiping Rebellion of 1851 and ends with a full description of the newly-established Chinese Soviets, in which eighty million Chinese workers and peasants are now participating. He analyzes the claims of practically all observers, both those who are sympathetically disposed to the revolution and those who are hostile; he reaches the conclusion that if foreign support of the Nationalists were withdrawn "most, if not all, of China would turn Communist," and his arguments are convincing.

The fiction of the month has been less impressive, though the Book of the Month Club's choice, "Black God," by D. Manners Sutten (Longmans Green) is an interesting story, depending on understatement for its effect, of witchcraft and revenge in the Congo. There is none of the usual high-pitched nonsense about the mysteries of Africa and the throbbing of the tom-toms (though the tom-toms do throb in it); it is as simple as a folk-tale, a narrative of some of the results of the brutality of a white man who cut off a Negro's hands. Charms and omens have their place, but they are taken for granted, written of as if the author accepted them quite as much as the natives who are the leading characters in his novel.

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Talk of Nation

(*Continued from page* 56)

he is mentally like a shipwrecked sailor adrift on a raft in an uncharted economic sea. The alphabetical agencies may be just what is needed and the new theories may be sound ones, but subconsciously the visitor is searching his horizon for some familiar land marks, a sail, or even for a spar from the old ship.

Mr. Ford does not disappoint him. On the lofty circular walls of the Concourse, lettered in dully gleaming chromium, the visitor reads:

Overproduction is a money cry not a human cry—produce ever more.

Individualism is what makes coöperation worth having.

Never yet has enough of any good thing been produced for use.

The recovery we need is of our American spirit of independence.

Flanking these ringing aphorisms, below which no signature appears and for which none is needed, are photo-murals of an astounding size and technical perfection, demonstrating on a gargantuan scale what may be done with the art of photography. Part of the story of Ford's great plant on the River Rouge is unfolded in the photographs, which loom two stories in height and measure 600 feet in length. The effect is that of Gibraltar giving voice to a battery of guns.

If we had more justice there would be less need of charity.

Progress comes from prosperity built by work—done in peace.

Industry does not support man—it is man that supports industry.

If you stabilize anything, it is likely to be the wrong thing.

The lesson is set forth without notes or explanation; the visitor is left to evolve his own interpretation. Originally not even the usual pamphlet was to be had, an innovation indeed for a World's Fair exhibit, but Mr. Ford's pupils demanded something in printed form to take home and finally got it.

In all eighteen quotations from Mr. Ford's writings are presented. They emphasize the inter-dependence of farm and shop and his creed of low prices and high wages—"The farm and the shop each needs what the other produces"; "High wages and best materials, the only road to low prices"; "With one foot on the land and one in industry America is safe."

Only in two quotations could we find any mention of the automobile, only in one any reference to the Ford car.

Schoolmaster Ford's second lesson is in geography. A globe of the world, described as the largest ever built, and which indeed is twenty feet in diameter and seven tons in weight, revolves with ponderous deliberation in a central court, open to the heavens and the elements. The setting is almost cloister-like. Slender columns of dull copper chromium frame banks of tall windows in the surrounding walls. There are trim hedges of boxwood and formal buds of flowers, colored light effects from hidden sources at night.

Nowhere on this man-made Earth as represented on Mr. Ford's globe is there shown a man-made frontier. Continents, major islands, mountain ranges, rivers, lakes and oceans are set forth in scrupulous exactness and detail, but Germany, France, Italy and Poland are lost in an all embracing Europe; Russia and the British Empire cease to be; Canada, the United States and Mexico become as one in a North American unity. There's a reason for this we are told. Always skeptical of politicians, war lords, parliaments and dictators Mr. Ford has ignored them and all of their works in his globe, and his world becomes a fenceless pasture. Situated in the very heart of his building the globe is the hub around which his big exposition turns. It supplies the exposition's central theme—dependence of all industry upon the physical as distinguished from the political.

At the entrance to the Industrial Hall, the major wing of his exhibit, this theme is again emphasized in an enormous hemisphere that depicts dependence upon such raw materials as iron, steel, copper, zinc, aluminum, rubber, cotton and wool that have their origins in the earth or are otherwise close to it. Mr. Ford points to the fact that "out of the earth come all the elements of the Ford car" and devotes an area as large as two football fields to a concrete demonstration of how the principal elements are converted to every day use in his own and twenty-one related factories.

Nowhere in his vast schoolroom does Mr. Ford express a conclusion or point a moral—he believes the educator should inspire his pupils by an understandable presentation of facts to do their own thinking. However, the conclusion to be drawn from his Industrial Hall and world globe is one not easily

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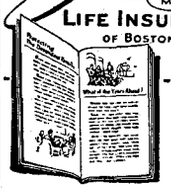

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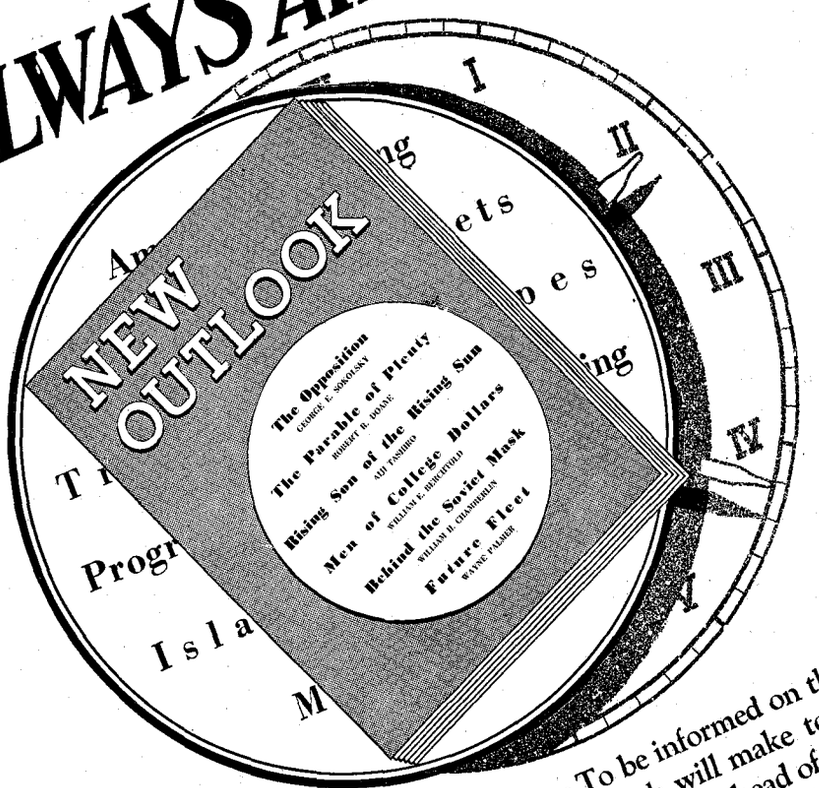

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avoided, namely, that if the task of supplying human needs seems to be hopelessly muddled today it is chiefly because extraneous factors that have no part in industry's primary function have been introduced. No such factors disturb the simplicity of Mr. Ford's theme for the simple reason that he does not permit them to enter it.

The popular notion that individual genius is responsible for the bulk of our progress, a fallacy long fostered by the writers of school textbooks in search of heroes to worship, is exploded by Schoolmaster Ford. Not that he denies genius its place in the sun—he marks the start of a new epoch of industrial advancement with the achievements of his friend Edison; but he frames a new definition for genius, which might be stated loosely as "the right man working at the right time."

In other words, Mr. Ford apparently feels that genius working at the wrong time is underestimated or neglected entirely by our schoolbooks, and that genius working at the opportune moment is overvalued. So he seeks to readjust the scales to give more honest weight, while with characteristic naïveté he furnishes himself as the clinching example.

In a wing of his building known as the Century Room he portrays the story of mechanical development from 1830 to date. He does this by showing the actual tools of each period in operation. At the one end of the century a blacksmith beats out by hand a crude horseshoe, at the other end bright young men demonstrate the use of automatic instruments capable of determining accuracy to the millionth of an inch while running at high speed. Somewhere between these extremes is the little brick workshop where, in 1893, Ford built his first automobile.

The lesson of the Century Room seems to be that Ford or nobody else could have built with the tools of 1893 the modern automobile; or that Ford or any other, regardless of the effort expended, could have built his car of 1893 working with the tools of 1830, or 1850, or even 1890. Too many needed things were missing—vulcanization of rubber and electrical ignition among others. The automobile was not built, could not be built until "the time was right" and all the innumerable contributions essential to its success had been developed on a score of widely scattered fronts.

In his Century Room, assembled

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under his personal direction, Mr. Ford explains why in his opinion much of the history as told by our schoolbooks is "the bunk." There in effect he says:

"When I built my 1893 car I invented nothing new. I simply assembled into a car the discoveries of other men behind whom were centuries of work, and the discoveries of still other men who preceded them. Had I worked fifty or ten or even five years before I would have failed. So it is with every new thing. Progress happens when all the factors that make for it are ready, and then it is inevitable. To teach that a comparatively few men are responsible for the great forward steps of mankind is the worst sort of nonsense. Mankind goes ahead not because of leadership but despite it."

Mr. Ford has assembled sixty-seven highway vehicles into an imposing display he calls the Drama of Transportation. The collection starts with the state chariot of King Tutankhamen, which is the only reproduction in the group, and follows the progress of highway transport to the present-day automobile. Even a superficial study of these ancient broughams, coaches, victorias and early vintage automobiles convinces one that progress is not a matter of leaps and bounds resulting from inspired bursts of genius, but instead is a slow and almost painful process of building bit by bit upon what has gone before.

Similarly in his "Roads of the World" Mr. Ford presents with historic accuracy the story of highway construction down through the centuries since the first road. Sections of twenty-one significant highways of the world are reproduced, including parts of such famous roads as the Street Called Straight in Damascus, the Summer Palace Road of China, Watling Street of England, Appian Way, Napoleon's La Grande Corniche, and the "Kleinpflaster" pavement of Germany. The World's Fair visitor is taken on a free ride around these roads, a guide lectures briefly on each, and neat signboards set forth concise items of interest. Progress indeed comes slowly—though it always comes. It took 2000 years and more to develop the modern road, which is still far from perfection. Such is Mr. Ford's graphic history lesson here.

An unpainted weatherbeaten barn of wood sits in Mr. Ford's backyard at Chicago in striking contrast with his huge exposition building in its modernistic dress. The little wooden structure bears a homely board sign:

Barn From the Farm of
William Ford
Father of Henry Ford
Built 1863

Brought here to demonstrate the possibility of a closer relationship between agriculture and industry.

As a young man Henry Ford pitched hay in this barn. The cost of dismantling it board by board and shingle by shingle and tenderly transporting it from Dearborn to Chicago exceeded by many times its worth in money, but sentimentally the old barn is one of Mr. Ford's most prized possessions. Also it is one of his most carefully studied textbooks at the Fair.

Farmers from Iowa, Kentucky, Pennsylvania, Maine spend hours studying the odd machinery that is set up in the barn. Mechanics, plumbers, clerks, gentlemen with country estates, all who have an urge toward the land in their blood after a long depression ask intelligently curious questions.

Mr. Ford explains the presence of the barn this way:

"There is a reason behind the old barn's being at Chicago. We of the Ford organization are trying to give the American farmer a new idea to work with. We, too, have been thinking—and have come to the belief that the soundest step, and the first great step, that must be made, in this country, for the general good of all our people, is to 'help the American farmer improve his economic condition,' as the professors and experts call it. In plain talk that means to show the farmer how he can operate his farm so that it will yield him and his family an abundant livelihood and, on top of that, bring him a cash surplus with which to buy the things that he and his family need and want and which they can't raise on the farm. I'm satisfied that, once the American farmer sees how he can better himself, he will better himself.

"Business is only exchange of goods. If we want the farmer to be our customer, we must find a way to become his customer. Back at Dearborn, apart from making automobiles, we are in the farming business on a big scale. So in Chicago we are talking as one farmer to another. And the old barn here is our Speaker—it tells the story.

"What we call the 'farm problem' must be solved by each farmer acting for himself. Just as soon as the individual farmer can make money, the 'farm problem' will vanish for good—and we think most of our other economic problems will go with it. The vital question is: 'How can the American farmer increase his income?' We think the answer is for him to bring his farm and his labor into a closer relationship with industry. We've been experimenting along these lines—trying to find a way to do that. By means of this old barn—and there are thousands of barns just like it all over the United States—and the simple machinery in it, we are trying to pass along what we've learned for the benefit of any farmer who cares to make use of it.

"I think we are not far from the time when any farmer, or group of farmers, who are so minded, may begin, on a scale within their means, to manufacture, on the farm or in a nearby village, products which industry will buy. A general market does not exist today—that takes time to develop; but there are signs that a market is developing and it is our belief that, once the demand starts, it will be broad and general. Our experiments to date have shown that from soybeans grown in our own farms we can extract oil, which we use in the enamel on our cars. From the residue, after the oil is taken out, we have found we can make steering wheels, timing gears and other parts. The old barn shows how it can be done with machinery which most any farmer can rig up at home from odds and ends. It proves beyond dispute that materials that can be used in making cars can be grown on farms, thus saving our mines and forests.

"And we've only started. We are continuing to experiment with other things. We're satisfied that materials for other parts can be grown on farms if only sufficient thought is put to it."

Ford's first experiments to bring the farm and industry closer together were made in a laboratory in connection with the Edison Institute, at Dearborn, in 1930. Prolonged analysis and processing of various crops common to the American farm proved that oils, proteins, carbohydrates and fibres of value to industry could be developed. However, the problem remained of finding some material and developing some process that together could be operated profitably. In these experiments several tons of wheat were used. Also several thousand bushels of carrots, sun-flowers, the seed of which has

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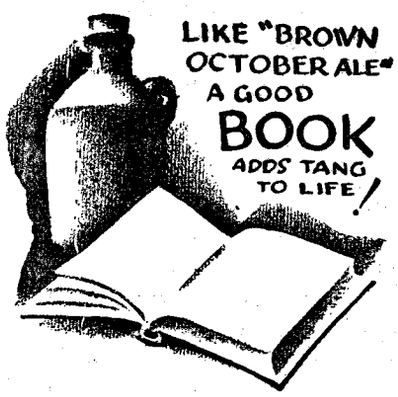

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●

Parable of Plenty

(*Continued from page* 21)

that we are any longer "self-contained" and virtually immune from the necessity of further importation? What an easy thing it is for such scholastic demagoguery to make verbal gifts beyond the powers of a remotely possible attainment. They would strip the forests bare, empty forth our mines and still be unable to fulfill a bare quarter of their promise. And with this attained —what then, my planners?

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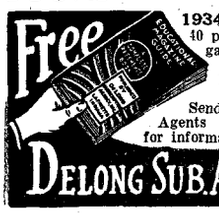

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ingenious speculations or "happy thoughts," instead of being first examined, and are at once taken up as if they represented an unimpeachable revelation.

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The final article in this series on the findings of the NSPPC will appear in the October issue of NEW OUTLOOK.

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Economic Reports

(*Continued from page* 47)

rolling up a decidedly impressive export surplus, but her improved status is menaced by the widespread fears that the American dollar may fall again. Canadian dollars have risen to a premium of close to 3 per cent, and the government is up against the problem of exercising greater control over the external value of the currency or of adopting measures which in themselves will weaken the exchange. Since a new currency issue is being made ready, it would appear that the latter approach had been decided on.

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Italian Front

IT IS SAID that Italy, out of fear of loss of prestige, will not even think of cutting the gold value of the lira until after France has reduced the gold content of the franc. The alternative policy to currency devaluation which Italy is pursuing gets its results only slowly in comparison with the swift, overnight effect of abandoning gold or restabilizing on a lower gold level. Official figures show, though, that Italy's deflationary program is making some headway. From April to June the retail price index of twenty-one staple commodities fell from 386.6 to 364.2, a drop of 5.8 per cent, and in the same period the cost of living index dropped 6.3 per cent. The competitive status of the Italian exporting industries is being slowly improved under constant government pressure, but the change is taking place so slowly that the nation's import balance is reaching disturbing proportions. In the first five months of 1934 the surplus of imports was 1,145,000,000 lire, against 630,000,000 in the previous year, and in the first half year the import excess stood at 1,425,000,000 lire, against 804,708,000 in the preceding year. The government's deficit in the fiscal year ended June 30 amounted to 3,766,000,000 lire. The Italian method of slashing prices instead of depreciating the currency is altogether effective in certain directions, as in the tourist trade. By such concessions as a 50 per cent reduction in the cost of railway tickets bought by foreigners, Italy was able in the first five months, in spite of the substantial appreciation of the lira in terms of the dollar, to attract a total of 1,132,527 tourists, an increase of 280,235 over the figure for the corresponding period a year ago.

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Men of College Dollars

(*Continued from page* 31)

clination may have been to stop at pages in the animated album which were arresting in their command of attention. However, each individual and each institution was selected to build up the many-side picture of universities and colleges: Eastern, Western, Southern and Midwestern; heavily endowed and weakly endowed; privately supported and publicly supported; denominational college and state university; institute of technology and woman's college; great research center and mecca for teaching; faculty dominated and alumni dominated; with a glimpse of their budgets, sources of income, investment policies, fund raising methods and the men responsible for their business and financial operation. If the social and economic structure of the country is to be changed, as the New Deal implies, these are the men who will be saddled with the problems resulting from the change. Upon their ability to make adjustments will depend the future courses of our major educational institutions; old, richly endowed institutions may be consigned to hopeless inferiority alongside state supported institutions. The entrance of the Federal Government into financing higher education, almost a certain development to assist states with empty treasuries, may later bring Federal control, not only of finances, but of curricula. The bailing out of the bankers by our Federal Government brought with it increased control of the banks, dictation of policies and the selection of officers. The bailing out of our colleges at some later date may, likewise, bring Federal dictation of higher education, for with financial control goes academic control.

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